

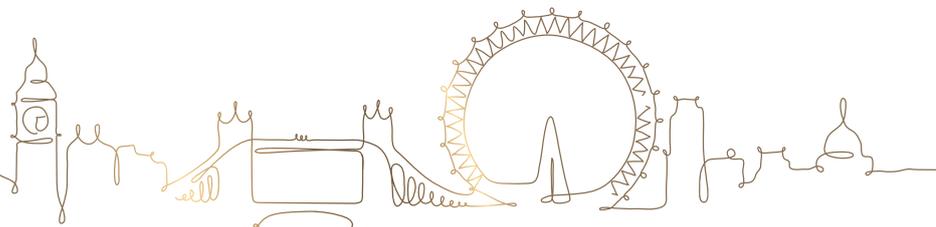


THE HONGKONG AND SHANGHAI HOTELS, LIMITED

Stock Code: 00045



CORPORATE RESPONSIBILITY AND  
SUSTAINABILITY REPORT 2023



# ABOUT THIS REPORT

We aim to provide an integrated view of our financial and non-financial performance to enable our stakeholders to have a holistic view of our company. This annual Corporate Responsibility and Sustainability Report 2023 is intended to be read together with our Annual Report 2023, with this icon  showing relevant linkages in the Annual Report. This medium is just one of the ways we engage with our stakeholders; in addition, we regularly hold meetings with interested stakeholders to discuss our sustainability performance in more detail.

## Reporting Scope and Boundaries

This report focuses on all the main businesses of The Hongkong and Shanghai Hotels, Limited (HSH) including the group's hotels division, commercial properties division, and clubs and services division<sup>1</sup>. The reporting period covered by this report is 1 January to 31 December, 2023.

## Reporting Standards and Assurance

This report has been prepared in accordance with the provisions as set out in Environmental, Social and Governance Reporting Guide (ESG Guide)<sup>2</sup> in Appendix C2 of the Listing Rules. As international best practice to have more in depth discussion on industry-specific and other sustainability topics, this report also references the Global Reporting Initiative (GRI) Sustainability Reporting Standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the Sustainability Accounting Standards Board (SASB) Standards, and the International Sustainability Standards Board (ISSB)'s IFRS S2 Climate-related Disclosures, which is used to inform the Hong Kong Stock Exchange's enhancement on climate-related disclosures.

This report aligns with the ESG Guide reporting principles of materiality (refer to pages 6 to 7) as well as the quantitative and consistency standards (refer to pages 77 to 79). KPMG was commissioned to conduct limited assurance and to provide an independent conclusion on selected information of this report. The Independent Assurance Report can be read on pages 75 to 76.

We welcome your feedback. Please share your views with us by post or email:

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<sup>1</sup> Entities covered in our workforce, environment and community data may vary, please refer to pages 78 to 79 for more details on CRS data reporting scope and methodology.

<sup>2</sup> For disclosures where HSH is unable to provide information, as per the ESG Guide of the Listing Rules, an explanation (such as an issue not being material or a commitment to provide this data in the future) is provided on pages 80 to 93 of this report.



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## About the Cover

The cover features a photo taken of beehives installed on the rooftop of The Peninsula Paris, as a reflection of our commitment to creating urban habitats and supporting local ecology and biodiversity. This forms an important part of our group's sustainability strategy *Sustainable Luxury Vision 2030*. We also have herb gardens in our hotel properties in Shanghai, Beverly Hills, Bangkok, Istanbul, Hong Kong and London. In 2023, The Peninsula Hong Kong partnered with Kadoorie Farm and Botanic Gardens to create rarefied, small-batch local honey gift sets to help preserve the vital role that bees play in the pollination of plant species and diverse ecosystems.

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## OUR SUSTAINABILITY VISION

“ In a world where things come and go in the blink of an eye, longevity is a luxury. ”

We have been in business for over 155 years, and we hope to continue doing so for the next century and beyond. Looking to the future, we continually ask ourselves what lasts, what endures, and how we can safeguard the things that mean the most to us.

Conducting our business with integrity, respecting history and heritage, and ensuring the current and future needs of our guests, people and communities are met, are core to our business philosophy. This requires us to adopt a long-term lens in our decision-making and instill the concept of sustainability throughout the way we conduct business. We believe that our business thrives when our people and communities do. Taking care of our people and the world around us, for today also for the future, is simply the right thing to do.

This year marks the lifting of pandemic restrictions around the world. The resumption of global travel provides optimism for a return to normal, yet our business is faced with a set of new challenges in the wake of the pandemic. We have seen more businesses take a more proactive approach on sustainability with the aim to build a more resilient and inclusive future. The devastating earthquake in Türkiye, which occurred just days before the anticipated soft opening of The Peninsula Istanbul, only served as a stark reminder that everything can change in the blink of an eye, and that we must always make decisions that aim to ensure the resilience of our business. We continue to be guided by our *Sustainable Luxury Vision 2030* strategy, which serves as a compass for who we are today, and what our hopes are for the future.

This year is the tenth year since the launch of our first formal sustainability strategy. We believe that by anchoring ourselves to what has made us successful in the past, and what we have learned in the past decade, we can continue to redefine sustainable luxury. As owner and operator of our hotels and properties, we are in a unique position to always act decisively and with genuine intent in our approach, while maintaining unparalleled service standards. These values are reflected throughout the design and building of our two newly opened hotels in Istanbul and London.

This report is an opportunity to reflect on our journey in the past years, while putting forward our plans to deliver on sustainable luxury for the future.

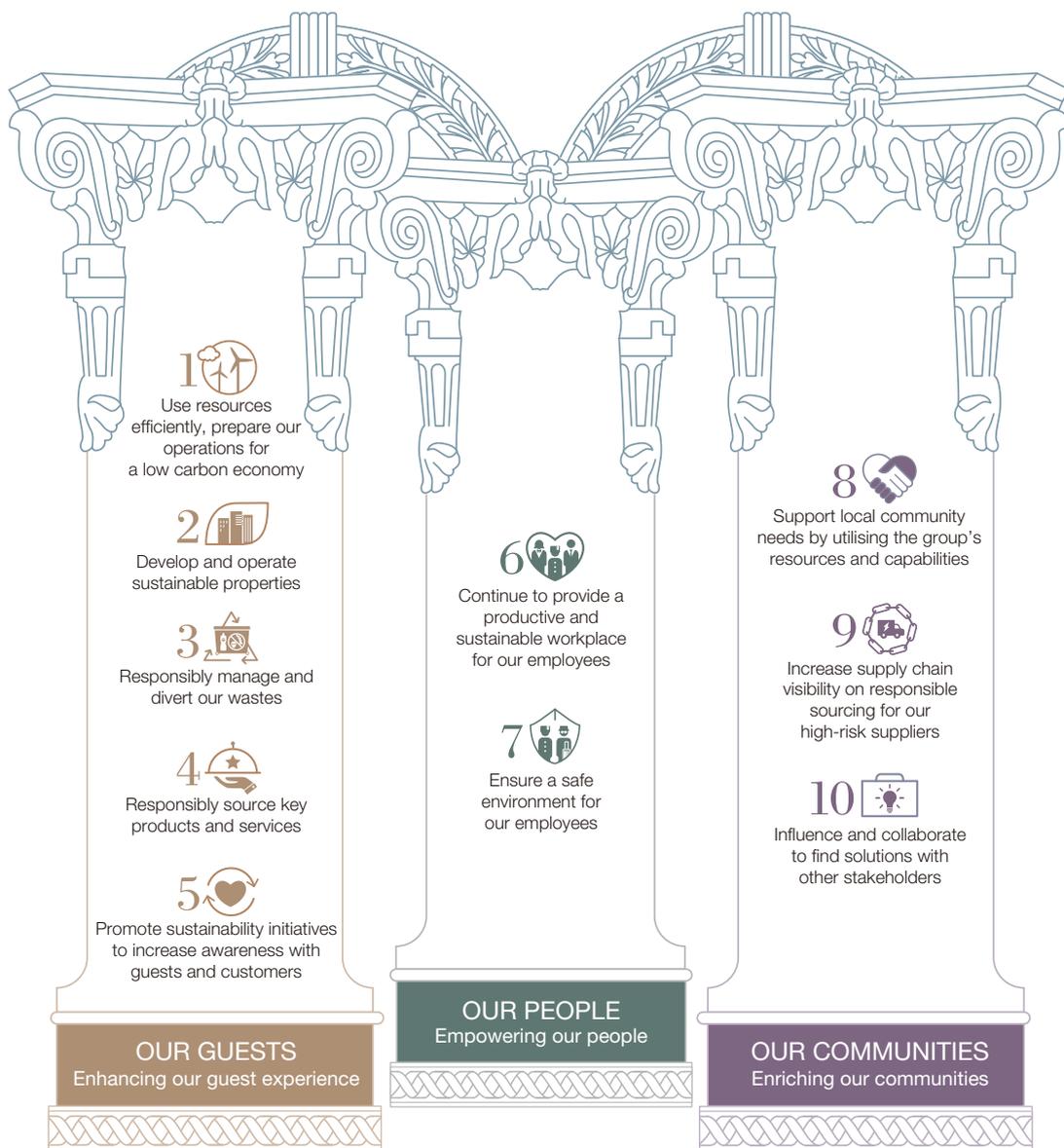


## Sustainable Luxury Vision 2030

We began our sustainability journey in 2007 and launched the first iteration of our *Sustainable Luxury* strategy in 2013. We updated this strategy with *Sustainable Luxury Vision 2030 (Vision 2030)*, which incorporates a deeper focus on business integration and using regenerative and proactive approaches. Our new strategy leverages the strengths of our business, focusing on issues requiring significant and urgent attention to minimise our impact to the environment while creating shared value to our communities. The key topics we have identified which will have the most impact on our business and societies that are addressed in *Vision 2030* are:

- diminishing natural resources such as energy, water and food;
- the climate change crisis; and,
- growing social instabilities and inequalities.

We seek to address key issues we are facing through *Vision 2030* by focusing on our three stakeholder pillars of (i) enhancing our guest experience, (ii) empowering our people and (iii) enriching our communities, underpinned by our 10 key commitments. We seek to instil sustainability values in our luxury offering to demonstrate that sustainability and luxury can share similar values. We endeavour to offer refined craftsmanship and exceptional service which is timeless, thoughtful and purposeful, while ensuring the needs of our guests, our people and our communities are met.



## OUR SUSTAINABILITY VISION



“In the era of post-pandemic recovery, we are faced with a new normal, bringing sustainability issues into focus. There is greater expectation from our stakeholders, our people, and our communities for corporations like ourselves to step up and safeguard the natural resources which we rely on. We need to remain resilient when facing the future climate crisis and focus on reducing social inequality.

This year marks the 10<sup>th</sup> year since the launch of our formal sustainability strategy. We will continue to leverage on our strengths and our collective learnings from the past decade to guide us into the future. The addition of two magnificent new hotels this year – The Peninsula London and The Peninsula Istanbul – demonstrate our commitment to building for the future and creating value in the long term. Our properties embody the values in our Sustainable Luxury Vision and serve as a living example of our commitment to take care of our guests, our people and our communities while ensuring future generations will inherit a portfolio of the highest quality assets.”

Clement Kwok,  
Chief Executive Officer,  
Joint Chair of GCRC

### Governance on CRS

We regard the integration of sustainability as a sensible and necessary strategy that benefits the overall value of the group in both the short and long term. Through the initiative of our Chief Executive Officer (CEO), Mr Clement Kwok, we developed our approach with the oversight and support of our Chairman, The Hon. Sir Michael Kadoorie and our Board.

The management of sustainability issues across the group is supported through a robust governance structure, where related-matters are regularly reviewed and discussed at all levels of the company. The Board considers this to be of substantial importance, warranting an annual review of the group’s strategy and performance at least once a year. To enable the integration and cross-functional implementation of sustainability into the business, the Board has delegated the management of *Vision 2030* and other related matters to the Group Corporate Responsibility Committee (GCRC) and other key committees and departments across the group.

The GCRC, previously chaired by the CEO, is now co-chaired together with the Chief Corporate and Governance Officer as a reflection of the rising importance of sustainability in all aspects of our business and of proactively managing related risks. The GCRC is supported by CRS department and Group Champions comprised of Heads of Departments or representatives from Finance, People & Culture, Operations, Legal, Corporate Affairs and Sales & Marketing.

In 2023, the Board conducted their annual review of the group’s performance against targets set in *Vision 2030*. The Board also reviewed and approved the annual CRS Report and the group’s Modern Slavery Statement. The Director of CRS provided key sustainability updates to the Board and Audit Committee at least once this year, discussing topics which included the latest updates to the International Sustainability Standards Board (ISSB) and the Hong Kong Stock Exchange’s climate-related disclosures, approaches towards climate-risk assessments and setting science-based carbon reduction targets. The Director of CRS also presented the latest climate-related disclosures in further detail to the Audit Committee, to raise actions required in the coming years to close the gaps on such requirements.

 [Read more about the GCRC’s 2023 key work in pages 190 to 194](#)

## How is Sustainability Governed at HSH



“The way we approach sustainability must transform from simply minimising negative impact. We must go beyond and seek opportunities to generate a positive impact. We also see this time as an exciting opportunity to evaluate the changing business environment, be agile in seeking out new innovations, fostering stronger partnerships, and cultivating more collaborations to help scale up our impact.”

Christobelle Liao,  
Chief Corporate and Governance Officer,  
Joint Chair of GCRC



# STAKEHOLDER ENGAGEMENT AND MATERIALITY

HSH’s approach to sustainability is shaped by understanding the needs and concerns of our stakeholders through regular engagement and communication. We regularly engage a broad set of key stakeholders to gauge how we can appropriately respond to their needs, including employees, customers, suppliers, regulators, lenders, shareholders and investors, non-governmental organisations, media and others. To remain in tune with diverse perspectives is especially important in this rapidly changing environment where sustainability issues are increasing in priority for our stakeholders. In 2023, stakeholder engagement activities include guest feedback, supplier engagement and interviews, employee experience survey, meetings with regulatory bodies on upcoming policy changes, industry and NGO working groups to discuss common challenges, and general attendance at related events and forums. Read more about our involvement at industry groups on page 64. The feedback from our engagements were channelled into a materiality exercise for this report and our implementation of *Vision 2030*.

 [Read our group’s stakeholder engagement approach in pages 138 to 142](#)

## Identifying, Prioritising and Addressing Material Issues

The identification and prioritisation of significant issues, using our materiality approach, provides the foundation for and continues to shape the implementation of our sustainability strategy. This approach considers the impact our activities may have on the environment and our communities, as well as the views of our stakeholders.

We reference globally recognised organisations such as the World Economic Forum and the United Nations Climate Change Conference to identify emerging global sustainability issues. We also reference luxury hospitality and real estate organisations to identify industry risks and opportunities such as the Business for Social Responsibility (BSR), World Travel and Tourism Council (WTTC), and Global Sustainable Tourism Council Criteria (GSTC Criteria). Regular engagement with those in our industry, through participation in round-tables or in advisory and working groups, allows us to stay abreast of important issues we face in our business. Regular meetings with executives and sustainability committees in our global operations allows us to better understand these issues in a local context. Informed by external research and expertise, we integrate these findings in value chain assessments to clarify the severity and probability of this impact to help guide the leadership team on prioritising material issues.

This materiality approach enables us to gain the necessary insights to identify material issues to our business, while remaining agile to respond to emerging topics. There were no changes to the list of material issues identified from the previous reporting period.



## Key Sustainability Issues from Stakeholders

### Sustainable Luxury Vision 2030

### Top Issues in 2023

 <p><b>OUR GUESTS</b></p>	<p>Energy and water use; low carbon transition; climate adaptation; waste management; sustainable supply chain; guest experience</p>	<ul style="list-style-type: none"> <li>• Climate-risk assessment, mitigation and adaptation</li> <li>• Setting science-based and net zero emission targets</li> <li>• Scope 3 and supply chain decarbonisation</li> <li>• Increasing climate-related disclosure requirements</li> <li>• Circular economy</li> <li>• Wellness-focused, locally sourced and plant-based food</li> <li>• Increase in external and especially guest touchpoints on sustainability</li> </ul>
 <p><b>OUR PEOPLE</b></p>	<p>Governance and management; attracting and retaining employees; employee engagement; occupational health and safety</p>	<ul style="list-style-type: none"> <li>• Diversity and inclusion</li> <li>• Talent acquisition challenges, particularly in hospitality</li> <li>• Living wage and gender pay equity</li> </ul>
 <p><b>OUR COMMUNITIES</b></p>	<p>Community contributions; supply chain traceability and transparency; collaboration and partnership</p>	<ul style="list-style-type: none"> <li>• Modern slavery assessment in supply chain and mitigation actions</li> <li>• Green finance</li> <li>• Social inequality compounded from the pandemic</li> <li>• Youth development and vocational training</li> </ul>
<p><b>Remaining True To Our Foundation</b> Timeless issues aligned with our core values</p>		<ul style="list-style-type: none"> <li>• Integrity, transparency and accountability</li> <li>• Uncompromising quality and attention to detail</li> <li>• Respect for our heritage and longevity of our business</li> </ul>

In 2023, we have identified projects which address the top emerging issues raised by our stakeholders and are linked to *Vision 2030* (more details to be discussed in the following chapters). In 2024, we plan to conduct a comprehensive stakeholder engagement and materiality exercise to further embed the concept of “double materiality” by assessing the material impacts that key sustainability issues may have on our business financially, along with how our business may impact the environment and society. We hope to leverage such findings to identify any gaps arisen from a post-pandemic environment and subsequently the evolving expectations from our stakeholders.

We continue to link our stakeholder engagement and materiality findings to our risk management process with collaboration between the CRS and Audit & Risk Management departments. As a result, significant environmental and social risks to the business including the rising impact of diminishing natural resources, the climate crisis, and social inequality were presented and discussed regularly not only to the Group Corporate and Responsibility Committee, but also annually to the Group Risk Committee and the Board. As part of our semi-annual risk matrix exercise, our operations also identified local environmental and social risks with the appropriate mitigation measures.

 [Read our risk management approach in pages 177 to 179](#)

SUSTAINABLE LUXURY VISION 2023

# THE PENINSULA LONDON



The Peninsula London is the newest addition to our portfolio of luxury hotels, set in a world-class travel destination, located in one of the most prestigious addresses in Belgravia overlooking Hyde Park Corner.

The Peninsula London marks a decade-long culmination of planning, design and collaboration. The hotel not only serves as a showpiece of beautiful design and The Peninsula's legendary hospitality, it also serves as an example of how luxury and sustainability can go hand in hand. From design to building construction, to operations, we have embedded *Vision 2030* considerations into all stages of development. This feature aims to demonstrate our commitment to Sustainable Luxury at The Peninsula London from its inception.



Embracing  
SUSTAINABLE  
BUILDING DESIGN  
for a BETTER FUTURE



DESIGN

The Peninsula London is **on-track to achieve BREEAM Excellent**, an internationally recognised sustainable building standard.

Approximately **35% of the building façade is double-glazed window glass**, allowing for maximum natural daylight to enter from the large floor-to-ceiling windows and optimisation of ambient temperature.

**The preservation of local ecology and biodiversity** is considered, with a rooftop area hosting native wildflower species, sparrow terraces, starling boxes, and bat boxes.

The off-street courtyard, designed by world-renowned Enzo Enea, also features cascading ivy and wisteria vines, and two 120-year-old Japanese maples (the oldest trees of their kind in Europe).



Minimising  
Negative Impact by  
**RESPONSIBLE  
CONSTRUCTION  
PRACTICES**

**CONSTRUCTION**

We partnered with a construction company who, as part of their own sustainability strategy, has goals to become carbon neutral and prioritise responsible construction practices. Some initiatives include:

Registered under the **Considerate Constructors Scheme**, our construction process aimed to minimise noise and waste pollution in the neighbourhood and included regular engagement with our community to ensure their concerns were addressed.

Construction fleet, using **lower-emission biofuel**.

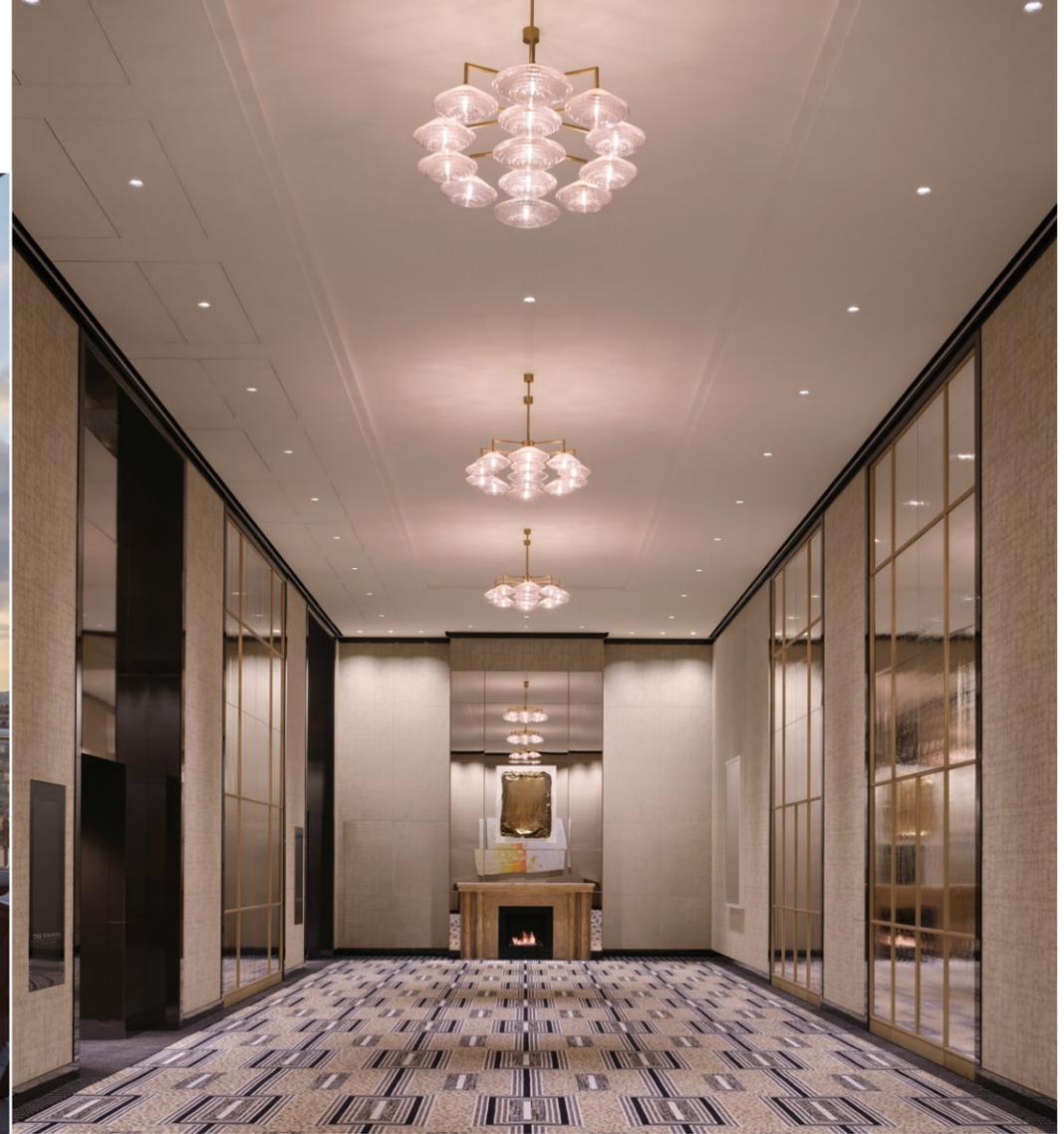
A multi-disciplinary Safety Leadership team was onsite and a **mobile application** allowed workers to **feedback and report safety concerns**.

100% of demolition waste and 99.5% of construction waste were **diverted from landfills**.

Modern slavery assessment conducted on 100% of construction workers; modern slavery training included as part of workers' induction process.



# Operating for a LOW CARBON FUTURE



Energy-efficient equipment and fixtures are used, such as:

- **Smart building management system** to monitor and optimise energy automatically. It also allows measuring of energy consumption of specific areas
- **Energy efficient models** for most machinery, including heating, ventilation and air-conditioning systems, chillers, water pump motors, and fan coil unit motors in guest rooms
- Use of **LED lighting**
- Proximity sensors at the back of house to optimise energy usage
- 100% of our **electricity** from our construction phase to our ongoing operations, is from **renewable sources**.



# LOW CARBON

## Elevating GUESTROOM EXPERIENCES through Sustainability Considerations

**Fully customised digital bedside and desk tablets** allow our guests access to all in-room functions at the tip of their fingers, from lighting, ambient temperature, to ordering from room service menus and daily local newspapers. These streamlined services to avoid excessive paper use, enable more efficient use of energy while ensuring guests' comfort.

**Low VOC materials** such as paints, varnishes, adhesives, wood panels, floor coverings and wall coverings ensure optimal and healthy indoor spaces for our guests.

**Most timber is from certified responsible sources.** For certain bespoke timber, we took extra steps to ensure all items comply with the UK Government's Timber Procurement Policy and are legally harvested and traded. Other key construction materials in the project have also been **sourced in alignment with responsible sourcing frameworks\*** which ensures traceability and chain of custody, environmental impact of product source and processing, and also social and labour management of the supply chain.

\* Certifications including ISO 14001 or BES 6001

# GUESTROOM



**Low flow faucets and dual flush toilets** to optimise water efficiency

Our **sustainable bathroom amenities** line has packaging that is 99.9% free of petroleum plastics, instead using aluminium containers with 45% recycled content, corn starch, wheat and wood as alternatives. The line, free of harmful chemicals such as parabens and silicone, also features a bespoke scent by British-based perfumier Timothy Han that reflects the unique scents of the city.

We work with waste contractor who is able to **recover** or collect and **recycle** up to **20 different waste streams**



# A DELECTABLE JOURNEY towards Sustainability

Our **Naturally Peninsula** menus that are prepared with natural, nutritious, **plant-based** ingredients designed to support a wellness lifestyle for our guests. All our restaurants' menus also include a QR code where guests can find more about the nutritional information of their meals.

# DELECTABLE



We work with local suppliers who promote the use of **sustainable agricultural practices** that highlight **seasonal products** which reflect regional culinary traditions and flavours. In the process of developing the menu for rooftop restaurant Brooklands, our culinary team travelled to Cornwall to visit suppliers who also share our values:

**Coombeshead Bakery** – suppliers of sourdough bread baked from heritage varieties of wheat, spelt and rye, are working on a specialty loaf using discarded buckwheat cover-crop for the restaurant, to demonstrate a root-to-stem ethos that minimises food waste.

**Flying Fish** – seafood suppliers, work alongside local fishermen to provide seasonal, responsibly-sourced fish that aims to protect the rich and ample fish stocks in the waters of the British Isles.

**Mora Farm** – a certified organic market garden that operates completely off-grid by generating its own electricity from solar power and a zero-energy hydraulic ram pump to provide irrigation water.

# CELEBRATING HISTORY and OUR PEOPLE

Nearly 200 pieces of artwork, commissioned from **The Royal Drawing School** and created by local artists adorn our guest rooms and depict British landscapes in a variety of styles and art media. Founded by King Charles III, The Royal Drawing School offers free or low-cost arts **education to local artists**.

We offer our guests sustainable experiences with our luxury automotive fleet, which includes two highly bespoke **hybrid LECV taxis** in Peninsula Green with specially commissioned interiors, four **hybrid Bentley Bentayga**, three **BMW i7 full EV limousines** and an **electrified 1960 vintage Austin taxi**. All of these vehicles are constructed or painstakingly restored to ensure that our guests can experience them more sustainably, while preserving the authenticity of the automobile.



# HISTORY



We welcome our over 600 new colleagues into our London family as a **Living Wage Accredited** hotel, offering generous colleague facilities.

We aim to diversify where we recruit and where we look for talent by partnering with organisations such as the **Prince's Trust**, which provides employment opportunities to **vulnerable young people**.

Our partnership with internationally-acclaimed **British designer Jenny Packham**, who designed **bespoke uniforms** for our employees, taking inspiration from 1960s British style icons mixed with Asian influences.

# PEOPLE

# OUR GUESTS

We believe our guests' expectations and awareness of sustainability are evolving with the times and we know that every decision we make – from the way we design our buildings to the way we make our beds – enhances their experience with us. This is why we offer an experience around our guests' needs, while not compromising on the well-being of our people, our communities or the environment. We want to make their stay with us as much a positive impact on them as it is for the world around us.



## Our Guests

“ Climate change poses both risks and opportunities. We are constantly looking for ways to reduce our environmental footprint, while upholding our unwavering dedication to luxury. ”

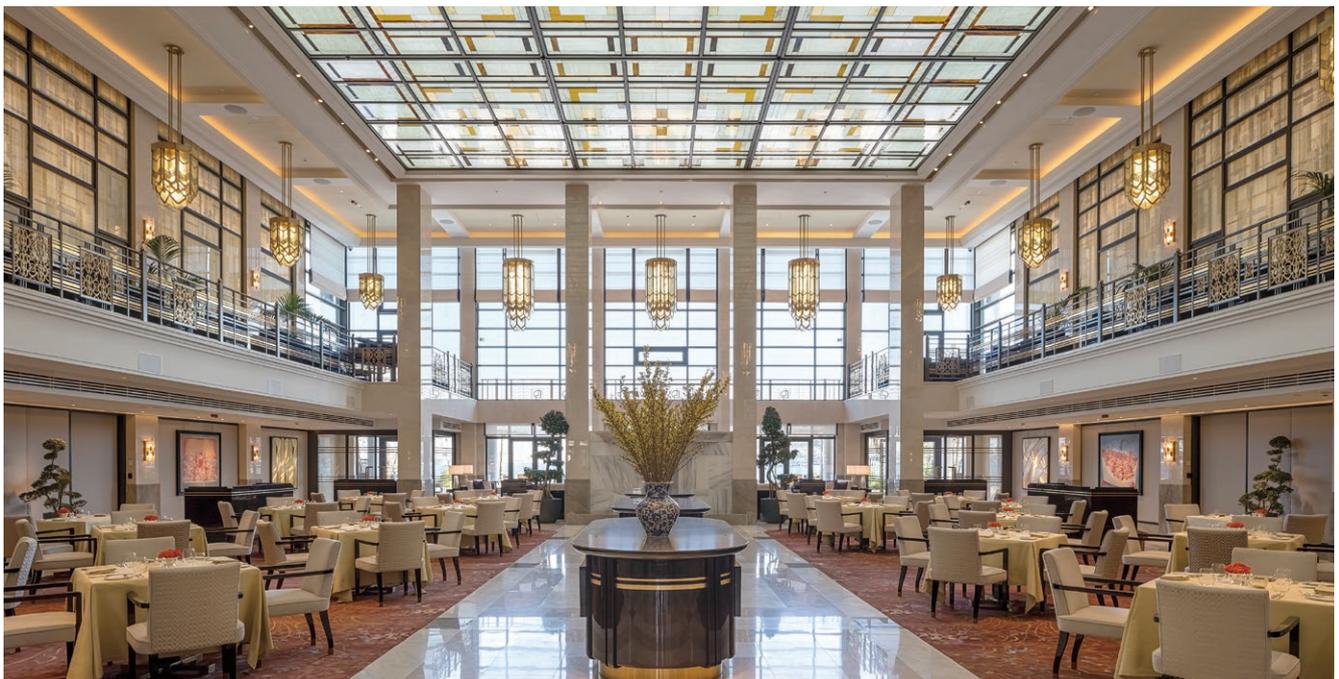
To deliver our services and products at a high standard of luxury, we rely on valuable resources to create a luxurious environment for our guests. It is our responsibility to become more resource efficient to safeguard the well-being of the planet.

Policies and procedural manuals such as the energy conservation manual and water management guide are put in place to serve as a practical guide on how to operate our properties efficiently. We stay informed on increasingly stringent legislations in areas where we operate, and often exceed regulatory mandates ahead of time for example carbon reporting requirements in Paris and China, and building energy efficiency in New York and Tokyo. We implement engineering solutions to optimise operational performance, while continuing to explore innovations and increase the use of renewable resources to reduce our environmental footprint.

Operations across the group submit energy and water data on a monthly basis for review by the Group Chief Engineer supplemented by a monthly call to discuss progress towards group-wide targets and best practices sharing. In 2023, technical audits resumed with all operations completing at least one inspection by the Group Chief Engineer. The aim of these

1	 Use resources efficiently, prepare our operations for a low carbon economy
Reduce our key environmental impact from 2010 by: <ul style="list-style-type: none"> <li>• 55% for carbon and water intensity</li> <li>• 35% for absolute carbon emissions</li> </ul>	
Increase the use of renewable and regenerative energy and water sources	
Embed climate adaptation measures for existing operations and future investments	

audits is to assess the performance, energy usage patterns and efficiency levels of engineering equipment, identify opportunities on equipment upgrades and optimising operational practices or procedures. We benchmark our energy, water and waste performance against industry peers through The Cornell Hotel Sustainability Benchmarking Index.



### *Joining global efforts to promote responsible and sustainable tourism*

Since 2012, our hotels have participated in the EarthCheck Certification programme. The EarthCheck Standard, is designed by experts in the field and backed by science. For the first time this year, The Peninsula Hotels is on-track to achieve group certification for all 10 of our existing hotels, each achieving recognition of their robust environmental management process and commitment to continuous operational improvements on sustainability. The newly opened hotels in Istanbul and London will also participate in the group certification upon one year of full operation.

The Peninsula Istanbul also participated in the mandatory National Sustainable Tourism Program developed by the Türkiye Tourism Promotion and Development Agency (TGA). This certification programme, the first mandatory national programme globally, was rigorously developed with ISO-based auditing and has adopted the globally-recognised Global Sustainable Tourism Council's (GSTC) GSTC Criteria for sustainability in travel and tourism. Despite being in operation for less than one year, The Peninsula Istanbul was among the top 7% of hotels in Türkiye\* achieving full certification, ahead of the government's minimum requirements for full compliance in 2030.

Through these two certification programmes, The Peninsula Hotels demonstrate alignment with global standards for sustainability and leadership in the travel and tourism industry.

\* Data based on 2023 December report issued by Türkiye Tourism Promotion and Development Agency.

### **Low Carbon Transition**

The lifting of pandemic restrictions globally has seen some of our operations making a strong business recovery, with some hotels exceeding the number of guest nights recorded pre-pandemic. As such, the group's energy and carbon intensity saw an increase from last year by 11% at 1,218 MJ per square meter and 3% at 126kg CO<sub>2</sub>e per square meter respectively. Yet we observed progress on energy and carbon reduction since the implementation of various energy efficiency projects since 2010, resulting in absolute carbon emissions and absolute energy recording a significant decrease of 34.4% and 10.8% when compared to our baseline. (Refer to the chart on page 26 for year-on-year energy and carbon performance\*)

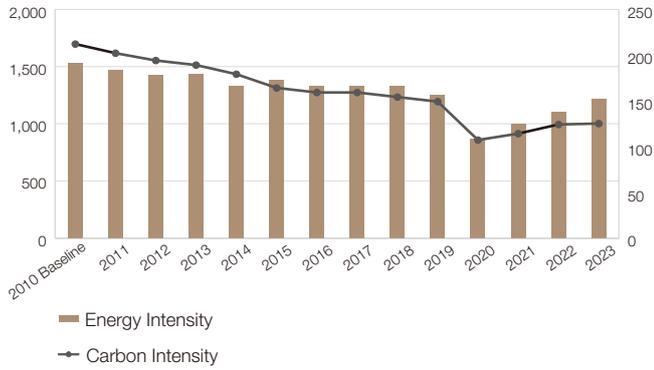
Since the adoption of sustainability principles in our business, we were able to implement a number of impactful energy-saving initiatives, such as LED lightings, building recommissioning, application of high-efficiency oil-free type chiller systems, chiller optimisation, new building automation systems, air handling units or fan coil units with permanent magnet motors and more.

\* Energy, water and carbon performance excludes data from The Peninsula London and The Peninsula Istanbul as the two newest properties have yet to record 12 full months of operation data for accurate benchmarking. The data for both properties will be included in the 2024 report.



## Our Guests

Group Energy and Carbon Intensity



In order to achieve rapid decarbonisation, we are also actively seeking out opportunities to source more renewable energy for our operational use. In 2021, we piloted our first on-site solar farm project at Quail Lodge & Golf Club which generates the equivalent to most of the energy used for the resort. We continue to conduct feasibility studies in our properties to identify our next renewable project. Where we are not able to install on-site renewable energy in our own properties, we seek to procure renewable energy through our energy providers. The Peninsula London has been sourcing 100% zero-carbon emission electricity from local providers to ensure that all energy consumed, from construction phase to operational phase upon hotel opening, is sourced from renewable sources. The Peninsula Istanbul started procuring Renewable Energy Certificates (RECs) to make contributions to remote renewable energy projects given the challenge to source clean electricity from local providers. We strive to offer sustainable lifestyle options for our guests, and have plans in place to adopt more electric vehicles in coming years, and further encourage transition by offering electric vehicle charging in all our hotel car parks.



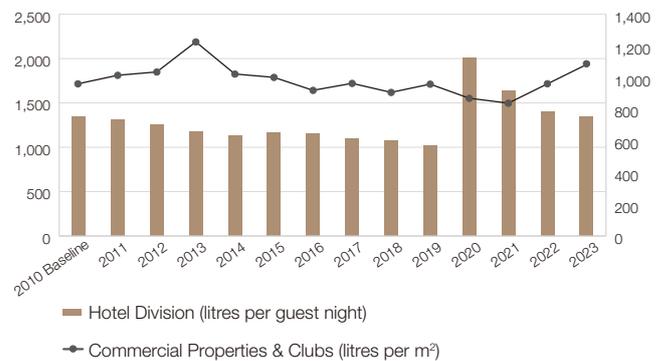


### Water Efficiency and Recovery

Water performance for our hotel division remained slightly skewed in 2023, due to the total number of guest nights (the denominator for our hotel water intensity indicator) still remaining below normal business levels across the group as global pandemic restrictions were only lifted mid-year. In 2023, our water intensity level continues to stabilise at 1,315 litres per guest night, which saw an improvement of 5.7% reduction compared to last year, and a return to below 2010 baseline levels.

Water intensity at our commercial properties saw an increase of 13.1% from 2022 at 1,088 litres per square meter due to business recovery. Tai Pan Laundry’s water intensity, calculated based on litres per kilogram washed, remained at similar levels as past year with a 1.1% decrease. We expect water indicators to normalise in the coming year so we can better report on our progress. Nonetheless, we will continue to implement water-saving initiatives across our portfolio to continue our efforts in past years. (Refer to chart on the right for year-on-year water performance)

### Group Water Intensity\*



\* Water Intensity of Tai Pan Laundry (16.4 litres per kilogram washed) is excluded as its intensity is measured on a different metric from that of commercial properties and clubs.

## Our Guests



In the past few years, our approach to mitigating drought risk is to improve water efficiency within our operations. We reviewed water flow rates across our hotels and installed low-flow sanitary fittings and faucet applications where possible. Low temperature washing has been implemented in most hotels where we have in-house laundry to reduce energy and water consumption. Coupled with the use of eco-labelled or biodegradable detergent used, we continue to maintain our standard of luxury for our guests' laundry service. Our operations in California, The Peninsula Beverly Hills and Quail Lodge & Golf Club have seen a number of water-saving initiatives ranging from water-efficient

irrigation systems, reducing volume in water flushing tanks, utilising drought-resistant landscaping and turf greens, as well as installing no-water urinals and carwash. In Quail Lodge & Golf Club, underground well water is used in the golf course's lakes to reduce energy required to filter and treat water. We also seek to reduce the stress on municipal water sources by recycling wastewater in Tokyo, Bangkok and Istanbul, and through rainwater capture for our residence at The Repulse Bay in Hong Kong. We will continue to support local and regional efforts to raise water awareness and introduce solutions for the broader community.

### Managing and Adapting to Climate Change

Climate change and the global rise of temperatures have contributed to extreme weather events and long-term shift of weather pattern that have increased in frequency and intensity, causing direct impact to our operations. In 2023, just one week after Hong Kong was hit with a tropical cyclone No. 10, the city observed unusual rainfall and flash floods, recording the highest hourly rainfall rate in 24 hours since 1884 causing widespread damage to the city's infrastructure and services. Similarly, Beijing experienced the highest level warning for heavy rainfall warranting 30,000 residents to evacuate from their homes. In Canada, widespread wildfire caused deterioration in air quality in New York and Chicago, with air quality reaching hazardous levels for humans. The potential impact of the climate crisis on our business is clearly of concern.

We want to ensure we are well-positioned to weather the impact by continuing to monitor and deepen our understanding of the inter-related and complex nature of climate risks we are facing. Starting in 2022, we commenced work with consultants to understand the high-level physical and transitional climate-risks for the group in the next decade, to align with our actions set out in *Vision 2030*. On physical risks, we focused our assessment first on acute physical risks which are extreme weather events, as those require our urgent attention. In the coming year, we plan to conduct more in-depth climate risk assessment, which will enable us to estimate the potential financial impact and develop actionable mitigation plan for our assets, based on the projected likelihood and severity of such climate hazards.

We are exploring further reduction opportunities for our Scope 1 and Scope 2 emissions, such as improving our energy efficiency with equipment upgrades, and the use of renewable energy certificates (RECs) to accelerate the progress on markets with limited renewables options available. We are developing a roadmap to ensure our reduction progress is in line with science-based carbon reduction targets. We also embarked on our journey to map out Scope 3 emissions across our entire value chain, so we can set comprehensive reduction targets that account for not only our own footprint but also the activities of our business partners, suppliers, contractors and employees. More details of our approach, assessment results and mitigation measures can be read on p.68, which references the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



## Our Guests

“ We aim to develop thoughtful, beautiful and sustainably designed buildings that will stand the test of time. ”

Our hotels and properties are built to appeal to a timeless aesthetic showcasing both our heritage and the rich culture of the cities in which we operate. We aspire to develop HSH properties which are iconic, and where possible – using materials which are sustainable and enduring. As such, we pay attention to design specifications and product standards in new constructions and renovations. This includes examining fittings and furnishings to ensure that they are luxurious, sustainable and resource-efficient.



### 2 Develop and operate sustainable properties

Align new developments and major renovations with international sustainable building standards

Achieve good or better rating for indoor air quality for all HSH buildings



### Sustainable Building Design

For our hotel developments, we adopted Building Research Establishment Environmental Assessment Method (BREEAM), a leading standard on sustainable buildings, to serve as a practical guide on the integration of sustainability considerations in our properties. We also work with trusted vendors and artisans to design furnishings which meet our quality, environmental and safety standards. Starting from 2012, the major renovations of The Peninsula Hong Kong, The Repulse Bay and The Peninsula Chicago incorporated elements such as using responsibly sourced wood, energy-efficient fittings and low Volatile Organic Compounds (VOC) emitting materials. Later on, these design specifications were enhanced to align fully with BREEAM standards such as 21 Avenue Kléber which received BREEAM Excellent and Haute Qualité Environnementale Outstanding ratings, as well as major renovation projects such as The Peninsula Beijing which received a BREEAM Good rating. At the time, The Peninsula Beijing was the third BREEAM-accredited building in the city and a first for newly renovated hotels. As a part of *Vision 2030*, all new projects must be designed in alignment with globally recognised sustainable

building standards. The Peninsula Istanbul and The Peninsula London are both on-track to receive BREEAM Excellent rating. Find out more on how we apply our sustainable building approach across the full life-cycle of our newest development, The Peninsula London, on page 8. As we enter a new decade of innovation and technological advancement, we will continue to adopt the principles of sustainable building design as a core approach to developing our portfolio.

### Indoor Air Quality

During the design and building stage of our new hotels, we try as much as possible to use carpets, adhesives, wallpapers, leather products, fittings and furniture which meet international standards for low emissions of VOC. For existing properties, we installed specialised air filters and conduct regular maintenance of ventilation systems to maintain optimal indoor air quality. All our operations conduct annual indoor air quality assessments by third-party consultants. In 2023, we have met or exceeded all local requirements on indoor air quality.



## Our Guests

“ It’s time to rethink how we define and treat waste in our business – finding ways to eliminate waste, recovering and circulating valuable resources while regenerating natural resources. ”

In recent years, waste has been redefined as a valuable resource given its potential to be recovered and reprocessed. This is why we have adopted the philosophies of circular economy – redesign, reduce, reuse, recycle and recover, as a key focus for *Vision 2030*.

Starting with the development of group-wide standards, we ensure waste leaving our areas of operation are properly handled and responsibly disposed of. This is not without its own set of challenges as we offer a variety of products to our guests, resulting in our managing of a wide range of waste types each requiring specific processes to be responsibly disposed of. Then, we work with local waste processors, recyclers and upcyclers to divert waste from landfills and incineration where possible. Early adoption of waste management best practices such as dry and food waste sorting and recycling, and transitioning away from single-use plastics, has facilitated our smooth transition to emerging regulatory waste mandates in the markets which we operate, for example the upcoming Product Eco-responsibility Bill in Hong Kong targeting the ban of single-use plastic tableware and bathroom amenities in hotels. We take initiative to trial and assess new and emerging waste solutions to prepare ourselves for a rapidly changing waste regulatory environment, as well as to contribute to long-term waste management plans of our cities.

### 3 Responsibly manage and divert our waste

Achieve a waste diversion rate of 100% for food waste and recyclables by recycling, upcycling and reusing

Ensure proper disposal of hazardous waste

Increase usage of recyclable materials



### Redefining Waste and Diversion

Overall, we achieved 53.5% waste diversion across our portfolio, a slight improvement of 0.8 percentage point compared to 2022. We saw the need to increase staff awareness on proper waste segregation protocols, to further enhance waste diversion at-source. We will conduct more staff training and other types of staff engagement on this topic in 2024.

The rate of dry waste sent to landfill or incineration has remained high, and improvements in infrastructure to support waste recycling is needed. The gradual tightened control of the import and export of waste globally has only further encouraged us to find local and tailored closed-loop waste solutions.

In past years, we have taken a two-pronged approach to diverting our waste. Where possible, we extend the life of valuable resources by redistributing or donating discarded items to the underprivileged who lack access to such resources with the help of local non-profit organisations. We partner with Clean the World, who recycles used guestroom amenities such as bars of soap, which are, after a strict sanitation process, transformed into brand new soap bars that are then distributed to people in need to help reduce hygiene-related illnesses within local communities. To reduce food waste, we donate surplus food to local charities and food banks for redistribution.

Another approach we take to divert waste is by adopting the circular model of converting waste into valuable resources. For example in Hong Kong, our long-term partnership with The Nature Conservancy takes discarded oyster, mussel and clam shells from our restaurants and reintroduces them into local waters to help restore marine habitats. Every year during the Chinese Mid-Autumn Festival, a large volume of mooncakes and mooncake packaging waste is sent to landfill. This year, Peninsula Merchandising Ltd., The Repulse Bay and our Head Office continue to send used mooncake boxes to local upcycling processor Mil Mill, where the boxes were upcycled into paper towels and redistributed to underprivileged families in Hong Kong. The Peninsula Beijing held their second #PenUpcycle event this year, where guests were invited to repurpose used Peninsula mooncake boxes into meaningful objects such as artwork, flower pots and home décor against the moonlit backdrop of the Yun Summer Lounge. While progress has been made, the ability to identify like-minded partners and innovators to pilot projects, and finance infrastructure investments to expand the scope of recyclables still has challenges. We continue to seek collaborations and engage with partners along our value chain to address the increasing scarcity of global resources and realising the true potential of waste as valuable resources.



## Our Guests

### *Weaving a second life into retired textiles, transformation into our Sustainable PenBear*

Circularity is a transformative journey, serving as a catalyst for us to use creativity and ingenuity to reimagine our relationship with materials. This year, we created the Sustainable PenBear, an upcycling pilot project to tackle textile waste within our hotels, giving retired fabrics and materials a new lease on life as our iconic Peninsula Bear.

To create the Sustainable PenBear, we partnered with Dress Green, a local social enterprise that focuses on promoting sustainable fashion design and fostering an inclusive society. We worked closely with Dress Green to identify the appropriate textile waste which could be repurposed, taking consideration into the form and function of the end-product while never compromising on quality. Ultimately, retired down feather beddings from The Peninsula Hong Kong guestrooms were chosen to be used as the stuffing for the bear, while retired chef uniforms and aprons were used as the bear's uniform. Each Sustainable PenBear is lovingly hand-made by elderly garment workers, providing them with employment opportunities while leveraging on their years of tailoring expertise and experience. The Sustainable PenBears were then used for fundraising purposes among our colleagues for the 2023 Oxfam Trailwalker event in Hong Kong, where full proceeds were donated to Oxfam to help alleviate poverty globally.



Every step of the way, we looked to uncover value from our textile waste back into our own operations, and back into our societies. Through Sustainable PenBear, we were able to share the very values we hold dear, and demonstrate our commitment to circularity. We are excited to explore other opportunities in the coming year with the potential to scale up as a meaningful solution to the wider hospitality industry and inspire the public to reconsider the hidden value of waste.

### Single-Use Plastics Transition

Unmanaged single-use plastics has become one of the most common pollutants entering the ocean and is detrimental to marine ecology. In 2018, we began implementing a holistic approach to phasing out single-use plastics aligned with the Global Tourism Plastics Initiative's (GTPI) framework, led by the UN Tourism and United Nations Environment Programme (UNEP) in collaboration with the Ellen MacArthur Foundation.

We have been prioritising our efforts to eliminate all unnecessary and avoidable single-use plastics within our operations, promoting reusable models where possible and using non-petroleum based and natural alternatives. Most guest-facing items that are commonly found in our F&B outlets – plastic straws, stirrers, takeaway packaging, and beverage bottles in restaurants and mini-bars have been replaced with more sustainable alternatives. Our bathroom amenities line, features 99.9% non-petroleum plastics packaging, using recycled aluminium tubes and paper packaging as alternatives. Wood is used to replace plastics in our comb, toothbrush and shaving razor handle. Together, this represents a considerable portion of items found in our hotels that we have transitioned away from single-use plastics.

We have made progress on bottled water in our hotels. Considering local recycling capabilities, practicality and guest preferences, we have adapted different solutions across the group for example glass or aluminium in-room bottled water which can be collected for recycling after use. In The Repulse Bay and The Peninsula Bangkok, an on-site water filtration system was adopted in their restaurants to provide guests with premium drinking water filtered to neutral taste while retaining the water's natural minerals, using reusable containers while drastically reducing the carbon emission on transportation. We continue to be in search of viable alternatives such as takeaway water bottles for our guests to bring along while exploring our cities, as well as items related to hygiene and food safety such as cling wrap used in kitchen area and individual packaging of our retail food items.



## Our Guests

### *Offering the taste of culinary delight with PenFare At Home*

In 2024, we will launch our new takeaway packaging line *PenFare At Home*, building on our previous efforts to adopt more sustainable materials in our takeaway packaging, to bring greater alignment across the group with even more stringent requirements. *PenFare At Home* features 100% certified sustainable paper, sourced from responsibly managed forests promoting sustainable forestry practices and biodiversity conservation. With the exception of the reusable nylon bag, all other components of the packaging is 100% plastic-free to reduce plastic waste from entering our natural environment. Instead, natural and non-petroleum based materials such as paper and bamboo were used as more sustainable alternatives, and are recyclable and certified compostable. We also seek to minimise the use of chemicals to ensure food safety for our guests, so toxic chemicals would not seep into their food or beverages. By avoiding the use of chemical bleaching in the paper used, as well as using food-grade bean ink for printing, our guests can savour our delectable flavours with ease.



“ Offering our guests the finer things in life, ensuring they have been sourced responsibly and sustainably, and not at the expense of others and our planet. ”

Our sourcing decisions support what we believe in and closely align with our environmental, social, and ethical standards. At the minimum, we only source from suppliers that align with our anti-modern slavery standards (refer to page 63 for more details). We prioritise products that are created by local businesses in order to empower and create shared value with the communities in which we operate, and from sustainable sources and using eco-friendly materials that meet international standards. We also strive to source products that minimise environmental degradation, be it the use of hazardous chemicals, critically endangered flora and fauna, or linked to deforestation.

As part of our responsible sourcing approach, we set out clear expectations for our suppliers through the tendering process, conduct due diligence to mitigate and address any supply chain risks, and promote transparency and traceability through engaging with our suppliers.

**4**  **Responsibly source key products and services**

Source key products and services that meet 4 or more of the following criteria:

- Locally and regionally sourced
- Not contain harmful chemicals or processes
- Not from a critically endangered source or caused deforestation
- Sustainably sourced to ensure reusability
- Complies with a credible sustainability standard
- Aligned with a credible modern slavery standard

## Our Responsible Sourcing Approach

### CONDUCTING DUE DILIGENCE FOR HIGH-RISK PRODUCTS

- Monitor and track progress on high-risk products such as tea, coffee, chocolate, seafood
- Ensure compliance to minimum standards outlined in our CRS Concierge and SCOC (e.g. use of critically engaged species)
- Encourage purchase of sustainably-certified products
- Conduct supplier interviews for high-risk suppliers



### WORKING WITH SUPPLIERS THAT ALIGN WITH OUR VALUES

- *CRS Concierge* document to guide procurement teams on sustainability specifications required for products
- Sustainability consideration in tendering of high value products
- Mandatory supplier acknowledgement of SCOC

### COLLABORATING WITH OUR SUPPLIERS

- Understand and work together to address challenges e.g. through partnerships, creating bespoke products or processes which align with V2030 goals

## Our Guests

### Safeguarding Biodiversity

Biodiversity is a core component of our natural environment which supports the provision of natural resources and regulates the balance of nature. Aligning our responsible sourcing approach to nature conservation is vital to preventing resource depletion and ensuring natural resources can continue to meet our guests' present and future needs. We avoid procuring products which are critically endangered or contribute to deforestation, and strive to source our agricultural products and other key commodities (such as paper, tea, coffee, chocolate, cotton and seafood) from sustainable sources.

Since 2013, we have been referencing the International Union for Conservation of Nature's (IUCN) Red List of Threatened Species, avoiding the use of critically endangered species when sourcing food items unless those with sustainability certification. We focus on seafood products due to the dangers of population depletion, bycatch and habitat destruction. In 2019, we further enhanced the policy by aligning to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

In 2023, more than 86% of our cleaning products are biodegradable, made from natural ingredients or are free of harmful chemicals. 94% of the paper we use is from certified sustainable or recycled sources, though we still encounter difficulties in sourcing sustainable paper-based products which are laminated or mixed with other materials. We are proud to see the progress made towards our goal of sourcing all our tea, coffee and chocolate from responsible or sustainable sources. By 2023, 84% of our chocolate, 83% of our coffee, and 64% of our tea was responsibly sourced. We contribute to the collective efforts from the food and hospitality industry by committing to source only cage-free eggs by 2025. We are working with Humane Society International (HSI) to identify potential suppliers to further our transition. As of 2023, our cage-free shelled and liquid egg spend across the group is at 52%.





### Source Locally and Regionally

Sourcing locally and regionally yields environmental and social benefits including reducing our carbon footprint in transportation, ensuring supply chain resilience in volatile times, empowering local businesses and small-medium enterprises (SMEs), and safeguarding products that allows us to connect the rich history and stories from our local community into the food we prepare. Our Food and Beverages teams seek opportunities to work with small suppliers and local farmers for products which highlight the seasonality and speciality of local cuisine. As of 2023, 59% of our perishable goods are locally or regionally sourced.

### *Locally sourced food, rooted in sustainability*

The Peninsula Istanbul works with local farm Komşuköy to manage and maintain our roof top garden. A portion of the vegetable plants and herbs are propagated at the farm, where sustainable agricultural practices are applied such as the use of non-genetically modified organism (GMO) seeds and organic pesticides or fertilisers, before being transplanted to our garden. They also use on-site solar energy to generate electricity as well as hydroponic farming systems to reduce their carbon footprint in the process.



## Our Guests

“ We refine our luxury offering in tandem with the evolving expectations of our guests ”

Hospitality is more art than science. We accommodate and care for our guests, hosting with genuine service from the heart. We believe that keeping the human touch in our services is the greatest luxury we can provide our guests.

We are in a position to redefine sustainable luxury for our guests, and we want to share our journey by inviting them to take part, through the experiences we provide. Our hotels and properties are designed to reflect the unique cities we operate in and we strive to celebrate the local culture, style and history of these cities.

Our *Peninsula Academy* programme brings our cities to life as guests explore authentic cultural, artistic and lifestyle experiences outside of our doors. To celebrate the 25<sup>th</sup> anniversary of The Peninsula Bangkok this year, the hotel curated a series of guest experiences as a tribute to the vibrant community that has enriched its legacy over a quarter-century. These include the “*25 Hidden Gems Tour*”, a complimentary immersive tour for guests to explore and deepen their understanding of our neighbourhood, Thonburi.

Forging partnerships with local artisans is a way for us to honour and celebrate the local culture and heritage of our cities. For our bathroom amenities, we partner with local artisanal perfumers to bring bespoke fragrances that reflect the unique sensibilities of each of our cities to our guests. To celebrate the opening of our two hotels this year, we partnered with British-based perfumier Timothy Han and Istanbul born-and-raised perfumiers Mert Güzel and Murat Katran, to curate bespoke scents that evoke the beauty of these two cities.

Our *Art in Resonance* programme partners with up-and-coming artists to promote the rich and vibrant cultural aspects of the destination cities in which we reside in through the expression of art. This year, The Peninsula New York hosted a thought-provoking art exhibit by renowned Chilean artist Iván Navarro, who takes inspiration from the celestial sphere and expresses it through the unique use of lighting, cementing this programme as an opportunity to celebrate artists who are pushing the boundaries of their mediums.

5	Promote sustainability initiatives to increase awareness with guests and customers
Offer sustainability experiences to guests and customers	
Promote local culture and heritage, including partnerships with local artisans	
Showcase sustainability initiatives and disclose information digitally to guests and customers	



To us, sustainability is not just concerned with the health and well-being of the planet, it is also about the health and well-being of people. When guests step through the doors of our hotels, we want to provide a place for reflection and mindfulness. The Peninsula Hotels' *Life Lived Best* programme presents our guests with an array of offers to enhance their physical, mental and nutritional wellbeing, some of which are destination-specific and created in partnership with local residents. Locally-inspired fitness classes are offered at our hotels, such as Muay Thai at The Peninsula Bangkok, Tai Chi at The Peninsula Hong Kong, or Kung Fu at The Peninsula Beijing. We also partnered with the *Breathe* app to provide our guests with bespoke wellness content such as guided meditations and relaxing bedtime stories at the tip of their fingers, any time during their stay. Our *Naturally Peninsula* dining concept offers

fully plant-based dishes at our restaurants, highlighting seasonal and locally-sourced ingredients, with an emphasis on nutrition to avoid refined sugars, artificial flavouring and preservatives. Our hotels in Hong Kong, Istanbul, Shanghai, Beijing and Bangkok are growing vegetables and herbs in their own garden, bringing ingredients grown on site by the care of our employees directly to the plates for our guests to enjoy.

With an increasing interest in our sustainability efforts from guests, we launched a video communicating our sustainability efforts in-room, on our social media channels, and on a dedicated page on The Peninsula Hotels website. We invite our guests to come along with us on our sustainable luxury journey and will do so by keeping them closely updated on our progress through these channels.

### *Bee Sweet, Bee Kind*

This year, The Peninsula Hong Kong partnered with Kadoorie Farm and Botanic Garden (KFBG) to create the new "Bee Sweet, Bee Kind" gift set, which features rarefied, small-batch local honey from the farm. This honey is produced by the inhabitants of KFBG's 40 bee hives, which feast on high-altitude flowering tree species like lychee, longan, Chinese guger, Chinese holly and Hong Kong gardenia. The nectar produced by the indigenous bees has a rich, nuanced sweetness, and is infused with high-nutrient antioxidants. The Peninsula Hong Kong organised an experiential visit to the farm so attendees can better understand the important bee conservation efforts undertaken at KFBG, which are critical to promoting pollination of a wide range of local plant species, contributing to biodiversity and the overall health of our ecosystems. The Peninsula Hong Kong offers guests a unique opportunity to contribute to such conservation efforts as all proceeds from the gift set will be directed towards KFBG.



## Our Guests

### Spotlighting Turkish craftsmanship on the Bosphorus

From its very inception, The Peninsula Istanbul draws inspiration from the rich history and culture of its home. The Lobby building itself was once a 20<sup>th</sup> century ferry passenger terminal and served as an important landmark for travellers in the bustling neighborhood of Karaköy. The spirit and history of this historical landmark was thoughtfully preserved in the redevelopment of the three historic buildings of the hotel, while the fourth building – newly constructed to supplement the original three buildings, brings forward a more modern architectural aesthetic. The building's timeless elegance, seamlessly interwoven with the rich local tapestry of Turkish culture, symbolises the efforts we took to seek out local partnerships for artisans to imprint their own culture into the hotel.

### Interior Design

Istanbul-based interior designer Zeynep Fadıllıoğlu is renowned for her signature style which integrates modern design elements with regional craftsmanship. Under her direction, Turkish influences are subtly incorporated in all corners of the hotel. From the carpets in the guestrooms that take inspiration from Kilim prayer rugs, or the mother of pearl details found in the bathroom floors inspired by Ottoman-era furniture, creating a sense of place throughout the hotel.

### Gastronomy

GALLADA, The Peninsula Istanbul's newest addition to the Türkiye restaurant scene, brings together bold flavours from the East and the West, reflecting the history of the Silk Road's Eurasian trade routes that imprinted its influence on this city. Chef Fatih Tutak was born and raised in Istanbul and marries his professional experience working at some of the world's most renowned restaurants, to memories of the taste and smells of his mother's home cooking as a young boy. GALLADA brings forward modernised Turkish cuisine that also leans into seasonal, local and sustainable sourcing to highlight the finest of local ingredients. We also support local artisans by featuring plates made by local handicraft boutiques in GALLADA.



### Artwork

Çağla Saraç, who has worked alongside the Ministry of Culture, applied her deep expertise in modern and classical Turkish art to handpick each piece of original artwork displayed throughout the communal spaces and 177 guest rooms of the hotel. Through her selection, guests and visitors are able to experience the culture of Türkiye through the sensory experience of paint strokes and vibrant colours. This collection of art includes black and white photography from one of Türkiye's most revered photographers, Ara Güler, portraying life on the shores of the Bosphorus during the 1950s and 1960s. These photographs offer guests a glimpse into the rich history that the hotel proudly stands on. The art collection also includes original antique textiles from the Ottoman era, and original gravure maps of Istanbul, offering guests a piece of history at the hotel.



### Staff Uniforms

Turkish-born fashion designer Arzu Kaprol was brought on to help create beautifully crafted, bespoke employee uniforms. With a decidedly Turkish influence, from the unique fabric selection to the subtle Ottoman references found in the belt details, the uniforms showcase local heritage with a contemporary twist.

### Fragrance and Scent

Mert Güzel and Murat Katran, born and raised in Istanbul, curated the exclusive fragrance "Citrus Fig & Bosphorus Breeze" for the hotel's collection of in-room bath products to celebrate the rich scents of their home city. The use of figs harkens back to the fig trees of the Istanbul of Byzantine times, while citrusy and flowery notes of lemon, mandarin, lavandin, lily of the valley and jasmine are used to evoke the complex beauty of the city.

Through these partnerships, we hope to offer local artists a vessel to carry forward the cultural legacies of their home country.

# OUR PEOPLE

The HSH family is a strong and committed team which shares a passion for hospitality, luxury and making a difference. We take tremendous pride in our team members who reflect our brand and values in all that they do. We celebrate diversity and strive to ensure that each person feels they belong and are an essential part of the team. At HSH, we know that our people are the heart and soul of the company, and we want to build a lasting and genuine relationship with them.



## Our People

“ We ignite the potential and passion of our employees, creating opportunities for a purposeful career in a modernised workplace. ”

As we move beyond the pandemic, talent acquisition and retention continue to remain our key focuses due to the shortage of workforce in the industry as well as increased demand for flexibility and work-life balance post pandemic. With much of the People and Culture strategies in place, we were able to lower our total turnover rate further from 23.8% to 21.9% this year. This can be attributed to our leaders, company culture and talent engagement strategies, including offering market competitive pay and benefits and adoption of market relevant benefits.

In 2023, we renamed the Human Resources Department to “People and Culture”, as a reflection that our people are more than just “resources”, but rather form the beating heart of our organisation, and the team’s role in safeguarding our culture. Over the past year, we have actively grown the HSH family with

6		Continue to provide a productive and sustainable workplace for our employees
Strengthen our diversity and inclusion programmes		
Commit to fair compensation with a special focus on gender pay equity		
Enhance wellness and assistance programmes for all employees		

the hiring of over 1,200 people for The Peninsula Istanbul, The Peninsula London and Peninsula Merchandising Ltd. We have strengthened our talent acquisition programmes, including campus tours and career talks in China, Switzerland and the United States.



### Listening to Our People

We recognise the importance of listening to our employees and valuing their feedback. In September 2023, we carried out our global employee experience survey and received a 92% voluntary response rate across the group, the highest participation rate we have received to date. We achieved an engagement score of 78% which is higher than that of the global score for general industry. The score is typically used as an indication of the level of motivation, satisfaction and connection employees feel towards their work. This encouraging feedback is reinforced by our employees' average length of service with us as over 6.3 years. With the valuable insights received, we will work to address areas of improvement to further enhance our employee experience, particularly on onboarding and retaining our employees.

Moving forward, we will continue to invest in our people to support their growth and development through comprehensive learning and development programmes, and implementing employee engagement initiatives to foster empowerment, trust and open communication.

### HSH Core Principles

Our *Core Principles Framework* serves as the foundation of empowering employees to meet and exceed guests' needs, as well as to contribute meaningfully to their team. The Core Principles are embedded into all of our People and Culture processes throughout an employee's entire journey with the organisation. *Peninsula Service Principles (PSP)*, was developed specifically for our employees to equip them with the skills and competencies to deliver our exquisite service standards. The principles brought about a significant shift in our approach – rather than solely focusing on the perfect execution of technical skills and standards, we have recognised the importance of creating genuine connections between our employees and guests. *PSP* now seeks to empower our employees to showcase their personalities and true selves, enabling them to provide a more authentic and engaging service. In 2023, all of our hotel operations have successfully completed the *PSP* foundation training, along with Peninsula Merchandising Ltd.. Building on that success, we are currently developing specialised *PSP* training modules for The Peak Complex and The Repulse Bay which fit their bespoke guest journey. Through these principles, we aim to foster a sense of unity across our employees, while still enabling their individuality to shine and enhance our delivery of authentic experiences to our guests.

## Highlights of the 2023 Employee Experience Survey

90%



of our workforce intend to stay with the company beyond 1 year and up to over 5 years

89%



of participants' experience at work are meeting, exceeding or greatly exceeding their expectations



82%



of participants believe our company has an outstanding future

78%



of participants feel they can be themselves at work

78%



of participants would recommend our company as a great place to work

## Our People



### Employee Learning and Talent Development

Nurturing our employees through our learning and development programmes not only provides them with the skills and knowledge required to excel at their everyday work. We also genuinely care about the long-term development of our people and want to provide progression opportunities from within, so they can grow together with us. We provide an array of dedicated resources and programmes to support the growth of our talent.

Our *Executive Development Programme* (EDP) is an 18-month-long learning journey that aims to cultivate and create talent pipeline for future senior management roles through enhancing candidates' capabilities through insights and core business knowledge and building a diverse peer network. 19 candidates from around the world are currently in the programme and have concluded the third module which featured mentorship from senior executives. They will progress to the final module of the programme in 2024 which would feature an action learning project. We also offer the *Emerging Manager Programme* (EMP), a 12-month-long programme targeting emerging managers in each operation, which incorporates departmental rotations to foster connections and gain a deeper understanding of the business and operations. In 2023, 11 candidates completed the programme, with four receiving promotions and two transferring

to different departments during their time with the programme. We are currently recruiting the next cohort of EMP. For other employees, we offer the *Global Cross Exposure Programme* to support their learning by experiencing best practices at different operations and building connections.

In terms of leadership programmes, we have developed and piloted new training initiatives in Hong Kong including an immersive 3-day programme for high potential managers to develop essential leadership skills, and a 2-day workshop which aims to enhance leaders' understanding of behavioural style and communication preferences to drive workplace empowerment. These programmes will be launched globally in 2024.

We also provide various online resources to our employees to enable them to learn at their own pace. We offered 270 trial subscriptions to LinkedIn Learning globally and its library of over 20,000 courses on various topics including self-improvement, digital technology and creative skills available in different language, so employees can expand on their learning beyond their workplace. Furthermore, a third season of the HSH Masterclass video series was produced, featuring HSH experts and leaders sharing invaluable knowledge and experiences they cultivated during their tenure at the company.

## WorkPlace 2025

The company-wide *WorkPlace 2025* (WP2025) initiative was launched to drive the modernisation of our workplace and operational practices to retain and attract our multi-generational workforce. It seeks to develop a workplace which is purpose-driven, energetic, allowing employees to feel empowered and motivated.

Through *WP2025*, we launched a new employee portal, MyHSH Hub, at the end of 2023 which serves as a centralised platform for all company information, news and resources. It offers a user-friendly experience with easy access to find the latest content. MyHSH Hub enforces our employee communication channels, to strengthen connectivity of colleagues around the world. Additionally, Viva Engage, our internal employee social media platform, and Microsoft Teams have been rolled out to all employees at The Peninsula Hong Kong, The Peninsula Manila, The Peninsula London and The Peninsula Istanbul, providing convenient channels to share quick updates. The roll-out of these three information exchange and communication platforms to all employees will continue in 2024.

The pandemic accelerated the work from home (WFH) movement and renewed the focus of work life balance and flexibility to suit the individual needs of employees. At Head Office, we have implemented a once-a-week WFH policy, while The Peninsula New York successfully trialled its own policy. With that success, three of the US properties, namely The Peninsula Chicago, The Peninsula New York and Quail Lodge & Golf Club, will also offer one-day per week WFH policy to eligible colleagues in 2024.

## Wisdom on Wellness (WOW)

As part of the *WP2025* initiative, the *WOW* strategy was created to enhance support to our colleagues in pursuit of both physical and mental wellness. The strategy includes programmes to promote the benefits of staying active, and raise awareness and encourage open dialogues on mental health, creating a more supportive culture for everyone.



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## Our People



In 2023, we kicked off the *WOW Wellness Carnival*, presenting a variety of activities and initiatives focusing on the four dimensions (Mind, Body, Soul & Spirit). For the Mind dimension, we held the *Global WOW "Minute to Win It"* challenge where cross-departmental teams of employees from our operations competed to complete six activities in under one minute each that challenged their abilities to be focused in order to perform at optimum level. The *WOW Wellness Carnival* will continue in 2024.

Additionally, the operations' People and Culture teams organised a wide array of programmes ranging from yoga to parenting and exercise workshops to promote holistic wellness to our colleagues throughout the year.

### **Inclusive Workplace**

We strive to provide all of our employees with an inclusive workplace that makes everyone, regardless of gender, age, nationality, religion, sexual orientation, disability, and other aspects of diversity, feel equally involved and supported with the same opportunities. Our *Inclusive Workplace Strategy* aims at fostering an even more inclusive culture within our workplace that empowers our employees to learn and grow while leveraging their unique strengths. It consists of three key pillars – Building an Inclusive Culture, Developing Inclusive Managers, and Creating Unbiased Talent Management Processes.

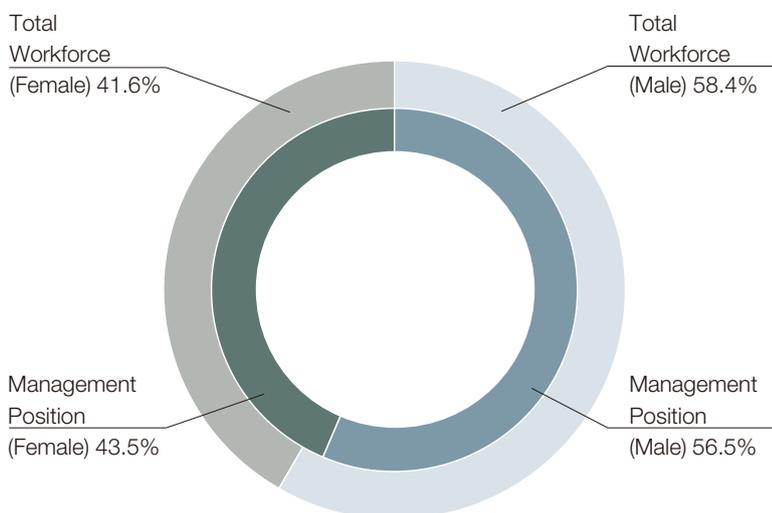


Conducting a gender pay analysis is a critical step towards achieving gender equality. We have conducted gender pay gap analysis for Paris where we achieved a score of 93% for 2022, above the market median at 91%. We will begin analysis for London in 2024.

In talent acquisition, our *Hiring for Success* programme is a global initiative for all hiring managers to recruit talent with the right mindset that is best suited for the role. It ensures an equal platform to provide an enhanced experience for all candidates to feel welcomed in joining the HSH family. We also continued to enhance the talent acquisition process through offering a personalised candidate experience, increasing the diversity of recruitment channels for example partnering with various organisations such as NGOs like Prince’s Trust in the UK that provides opportunities to vulnerable young people. The development and roll out of group-wide inclusive workplace initiatives are currently underway.

Gender diversity is an important indicator of an inclusive workplace. In 2023, 43% of management positions and 42% of our total workforce were female.

**Workforce Distribution (By Gender and Management Role)**



We have a Code of Conduct in place to ensure that reported incidents of discrimination are heard and managed in a fair and appropriate manner. We respond to these reports very seriously and encourage reporting. In 2023, we received two reports of workplace discrimination. Both cases were investigated accordingly and settled.

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## Our People

### Ethical Conduct

Our values as a company are the foundation to our high standards of ethical conduct. We respect human rights, embrace diversity and inclusion, and stand firm against corruption. This is core to who we are as a business, ensuring that we gain and keep the trust of our stakeholders. Our Code of Conduct clearly outlines expectations on staff conduct, particularly on anti-bribery, fair competition, equal opportunity, customer data privacy, anti-discrimination and environmental responsibility. This code continues to recognise international conventions and charters such as the United Nations Declaration on Human Rights. All employees undergo training on our Code of Conduct to ensure they are familiar with the group's expectations on ethical and professional conduct. Our *Speak Up Policy* outlines the systems that facilitate reporting of misconduct and the procedures for investigation and resolution of malpractice. In 2023, four reports of potential integrity issues were received via Speak Up channel. All of these reports were investigated and closed with some follow-up required.



### *A tradition of celebrating our people*

In 2023, The Peninsula launched a new global brand campaign *Peninsula Perspectives* which highlights our employees, the diverse personal journeys that led them to our hotels and their connections to the cities they call home. Ranging from front-facing executives to behind-the-scenes service providers, they share their personal stories in their own voices. Through videos and portrait photography, our employees showcase the genuine human connections that enable them to deliver a truly exceptional and bespoke guest experience.

The first series of *Peninsula Perspectives* highlighted employees from our flagship hotel in Hong Kong, and our two latest properties, The Peninsula Istanbul and The Peninsula London. Of the employees selected to launch the campaign, Connie Lo of The Peninsula Hong Kong tells her unique journey as a proud female driver in what is typically a male-dominated profession.

The campaign follows previous long-lived advertising campaigns which have also prominently featured our own employees, *Portraits of Peninsula* and *Peninsula Moments*. Our people are the heart and soul of our business, and we are proud to spotlight their stories and their unique journeys with us. The next phase of *Peninsula Perspectives* featuring employees from The Peninsula Bangkok, The Peninsula New York and The Peninsula Tokyo will be launched in 2024.



# Our People

“ We make sure that guests and employees feel safe and secure whenever they are in our hotels and properties. ”

In 2023, we developed an updated group-wide Occupational Safety and Health Management System (OSHMS). The OSHMS, which is aligned with international standard (ISO 45001) and covers all employees including contractors and part-time or casual workers. The new OSHMS will reinforce many of our existing principles, while seeking to enhance health and safety controls with a focus on risk identification and mitigation. The new enhancements include expanding the scope of risk assessments to include workplace violence, establishing OHS performance as evaluation criteria during the supplier selection process, as well as streamlining incidents reporting and investigation to allow for more systematic root cause analysis. At each property, The Security Committee will convene at least four times a year to monitor and review OHS performance, consolidate employee feedback on OHS issues, investigate and follow-up on OHS incidents, as well as support the overall implementation of the OSHMS to help create a culture of safety at the property level. The Safety Committee will also work closely with the Security and Operational Risk (SOR) team to report OHS performance and results on a regular basis to ensure accountability at all levels. The new OSHMS will be rolled out to selected hotels starting in 2024.

In 2023, we made efforts to further close gaps identified in the Group Security and Operational Risk Framework. This involved crisis management preparedness exercises related to civil disorder, active shooter situations, earthquakes, and other potential threats. With the resume of international travel earlier this year, comprehensive security and safety audits were

	<p><b>7 Ensure a safe environment for our employees</b></p>
<p>Further enhance the group-wide HSH occupational safety, health and hygiene programme</p>	

conducted in 2023 for six hotels, as well as The Repulse Bay, Tai Pan Laundry, and all clubs in Hong Kong. These audits aimed to assess the existing measures and identify areas for improvement.

We continued to build a safety-first culture and engage employees to keep incidents as low as possible. Training is an integral part of the new OSHMS which includes providing general and job-specific safety training to all employees and all part-time or casual workers. In 2023, our injury rate maintained from last year at 3.8 cases per 100 employees, while lost day rate decreased by 16.8% at 41.3 lost days per 100 employees. This indicates that the severity of injuries experienced have decreased, with “cut and laceration” as the most common type of injury identified. Over 94% of injuries recorded did not require a hospital stay. The injury rate for severe cases is at 0.22 per 100 employees. In 2023, we continued to have zero fatalities and no permanent disabilities. As we move beyond the pandemic, we continue to put in place enhanced health and hygiene measures to protect our guests and employees through our Hygiene and Sanitation Guidelines & Principles, which includes the regular review and adoption of new cleaning technologies in our properties.





### *Always prepared for safety at The Peninsula Signature Events*

Each year, we look forward to organising *The Peninsula Signature Events*, a series of world-class events which attracts attendees from far and wide. Like always, Quail Lodge & Golf Club is home to several of this year's events including *The Quail, A Motorsports Gathering, The Quail Rally, The Quail Motorcycle Gathering* and *The Quail Ride*. Each of these events require meticulous planning and preparation, including the critical establishment of a safety and security plan to ensure a secure environment for our employees, attendees and business partners. As an extension of the principles that we implement in our properties, we take a proactive approach to safety and security at our events.

Prior to each event, a comprehensive risk assessment exercise was conducted to identify specific risks and mitigation actions required. This year, to address the anticipation of larger crowds following the lift of pandemic restrictions, we proactively engaged with over ten law enforcement and emergency response groups, at both the local and national level. This collaborative approach ensured that all potential hazards were managed by groups with special expertise, at all fronts. This year, we also enhanced our firearm safety protocol by installing Concealed Weapons Detection machines, which leveraged on sensors and AI technology to aid with early detection of potential threats. Through these measures, we hope to offer all attendees a sense of security and reassurance that appropriate protocols are put in place to protect their well-being, so they can enjoy the event with peace of mind.

# OUR COMMUNITIES

Wherever we have hotels and properties around the world, we strive to be woven into the local fabric of the community. We want to be deeply entwined in the societies we serve, supporting the community to thrive.



## Our Communities

“ Our communities are our homes – we stand to benefit when our communities thrive. We look for ways to uplift, contribute and reinvest in the communities that supported us. ”

Our communities are inseparable from our operations, and this is why we embrace local culture and aim to enrich the cities we are located in. They provide the resources, infrastructure and markets which our businesses depend on. In turn, we aim to deliver a positive, lasting impact that contributes shared and sustained value for all.

### Community Volunteering and Investment

The three key demographics of youth, elderly and marginalised members of our community were identified as most aligned to our community investment ethos.

The elderly are the backbone of the cities we call home, and with so much to learn from them, we want our colleagues to feel a connection to their heritage. In the same vein, the youth are the leaders of tomorrow, and as a business which has existed for over 155 years, we recognise the necessity of imparting skills and knowledge for future generations. Lastly, we recognise that though we live in a globalised world, inequalities are solved at a local level. We rely on each operation’s connection with their local communities to identify how we can best support the most urgent and their local marginalised community.

Through *Vision 2030*, we continue to engage with our local communities in meaningful ways, moving away from monetary-based to contributing time, expertise, vocational training opportunities, and other in-kind support to create long-term impact in the cities we operate. In 2023, our community initiatives benefitted 160 charities and long-term partners, with a total of HK\$6.8 million monetary and in-kind charitable contribution, and more than 10,100 volunteering hours.

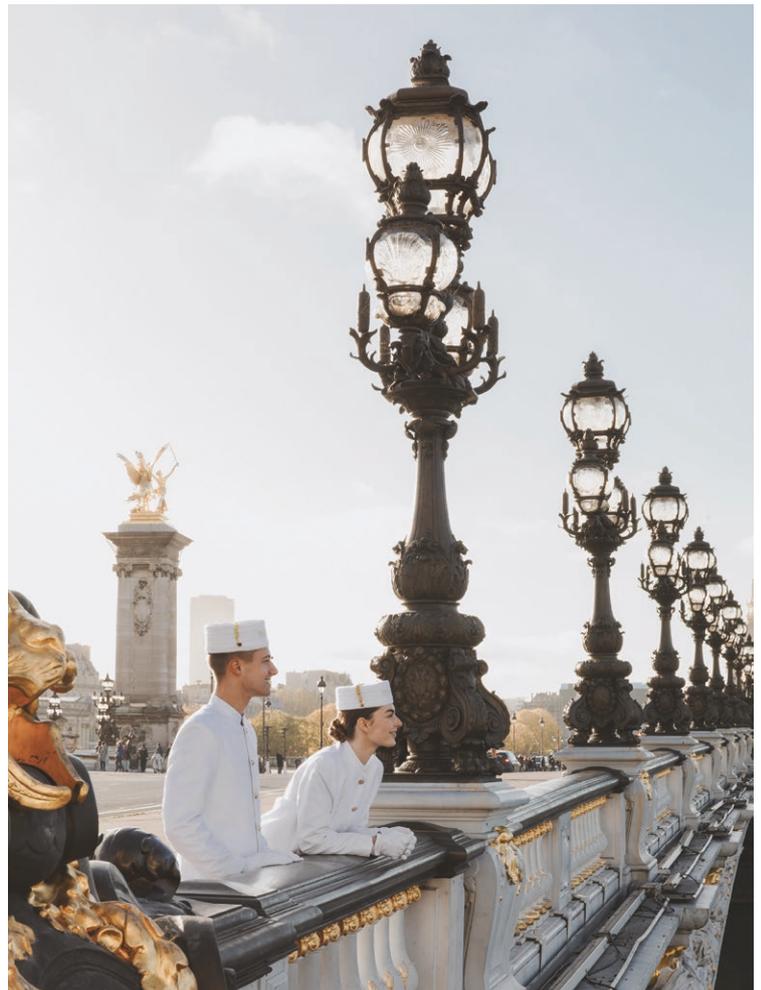


Support local community needs by utilising the group’s resources and capabilities

Provide training and hiring programmes for the under-represented in our communities

Contribute to elderly care, youth development and uplifting marginalised communities

Offer employees incentives in volunteering for community activities





# HOPE for TÜRKIYE

## *Action in times of turmoil – Our rapid response to cities in need*

This year saw the devastating impacts of extreme weather events and earthquakes in some of the cities we call home. In these moments of catastrophe, we act resolutely to offer our support to the local communities impacted.

On February 6th, 2023 just days before the planned soft opening of The Peninsula Istanbul, two earthquakes measuring 7.8 and 7.5 magnitude struck the south-eastern region of Türkiye, resulting in catastrophic death and destruction. Our focus swiftly shifted to launching *Hope for Türkiye*, a global disaster-relief campaign to help fundraise for survivors of the earthquake. For every room night at 10 of our Peninsula Hotels, a donation equal to the local currency of €10 per night will be made on behalf of the hotel. Each hotel also offered additional opportunities for guests to make personal contributions to the *Hope for Türkiye* campaign. A total of HK\$37.9 million was raised through this campaign, with all proceeds to be donated to a non-profit or governmental organisation that will aid the long-term redevelopment of most affected areas. The nomination of the best suited non-profit or governmental organisation partner will commence in the beginning of 2024.

In July, Mount Mayon in the Philippines erupted alongside 267 volcanic earthquakes recorded within 24 hours. The Peninsula Manila promptly coordinated with the local government unit of Legazpi City to donate essential emergency supplies, including water, toiletries and room linens to meet the immediate needs for those affected.

In September, just one week after Hong Kong was hit with a tropical cyclone No. 10, the highest intensity of typhoons, the city was once again submerged under unusual rainfall and flash floods as Hong Kong recorded the highest hourly rainfall rate in 24 hours since 1884. The Peninsula Hong Kong culinary team swiftly prepared hot meal boxes for local NGO Impact Hong Kong, so food can be delivered to those most impacted by the disruption of the city's essential infrastructure and services.

## Our Communities

### Elderly Care – Caring for our heritage

Mid-Autumn Festival is typically a time where family members gather and celebrate with one another. The Peninsula Shanghai continues their long-standing tradition to visit the Huangpu Waitan Nursing Home during this festival, where our volunteering colleagues distributed mooncakes, spread their well wishes and made memories with the elderly who may not be with their family during this holiday.

### Youth Development – Preparing for the future

The Peninsula Shanghai and The Peninsula Bangkok focused on uplifting students in rural or underprivileged areas, to provide them with the necessary tools for learning and education. Through The *Library Project*, an initiative by Lingshan Charity Foundation to improve literacy and education in rural areas, a team of colleagues from The Peninsula Shanghai travelled to a rural area in Xianyang, Shaanxi to personally donate stationary, sports equipment and the construction of a library room to a school. At The Peninsula Bangkok, colleagues organised the 333 Market, a fundraising activity where departments held games, food booths, live and silent auctions to raise money for new sporting equipment for Wat Thong Pleng school.

The Peninsula Hong Kong and The Peninsula Beverly Hills opened their doors to students, inviting our future generation a chance to gain behind-the-scenes understanding of the hospitality business. The Peninsula Hong Kong hosted two separate *Join School Career Exploration Days*, welcoming over 250 students to tour our hotel, meet our colleagues and even received hands-on experience with our housekeeping team. The Peninsula Beverly Hills participated in *CAREER ACADEMY*, a career orientation program initiated by Beverly Hills High School to help students explore real-world work settings for future internships, college, job networking and interviewing.



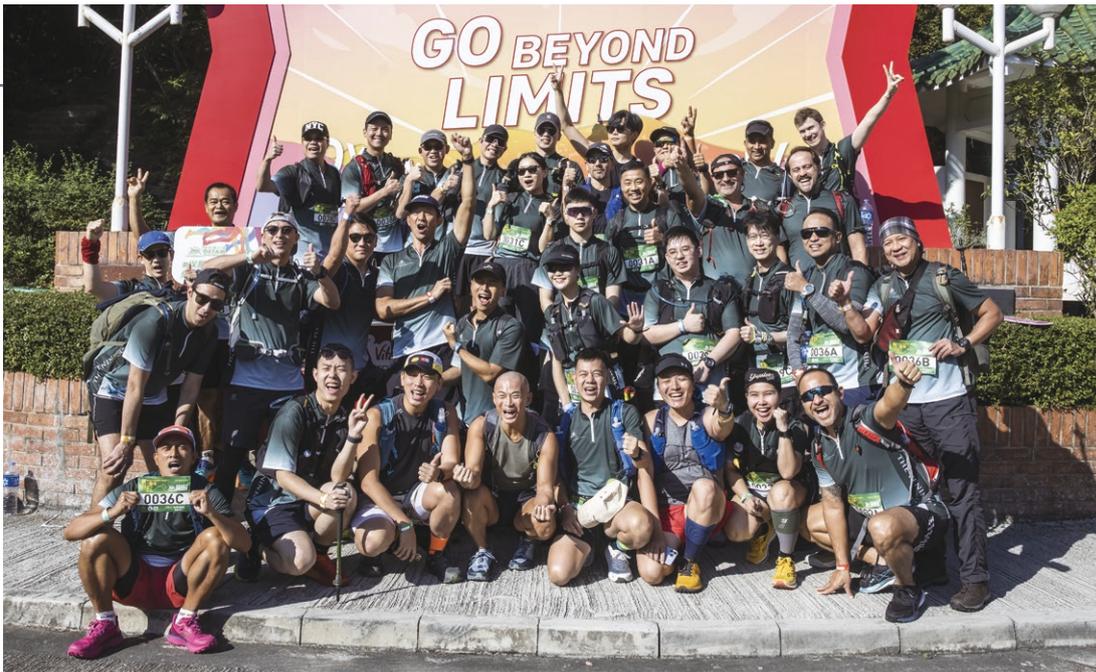
Through such vocational training and orientation programmes, we hope to inspire students, equip them with valuable skills, and empower them to pursue their career aspirations.

### Uplifting the Marginalised – Helping those in need

The Peninsula Chicago continued their decade-long partnership with local organisation the Night Ministry via the Homeless Youth Outreach program, to provide human connection and hot meals to people experiencing poverty. The team prepared 200 sandwiches and served hot meals to all people who visited the Night Ministry pop up station throughout the night.

In Hong Kong, our Head Office colleagues joined together with refugees from RUN Hong Kong for a hiking practice. Throughout the hike, our colleagues were able to establish a connection with beneficiaries of our long-term charity partner, to deepen their understanding of the plight that refugees and asylum seekers face in Hong Kong, where they have limited access to essential rights and services. HSH supports RUN Hong Kong by providing full rental subsidy for their workshop space where they are able to offer their Sport and Education programmes, and provide health and essential services to support vulnerable refugees. In 2023, our People and Culture team also participated in RUN Hong Kong's Mock Job Fair where we simulated real-world job interviews with refugees to prepare for their re-entry into the workforce in the future. In The Peninsula Tokyo, we hired 4 refugees this year to offer livelihood and job opportunities to those forced to leave their home country due to political wars and prosecution or natural disasters. We have similar programmes in place at other properties.





### *Walking with a purpose*

The Oxfam Trailwalker event returned to Hong Kong this year, bringing together walkers who traverse the 100km Maclehoose Trail to fundraise for Oxfam's efforts in alleviating global poverty. Global warming, caused by greenhouse gas emissions, and the increasing occurrence of extreme climate events deepen poverty, disrupt access to food, displace populations, and affect working conditions. Oxfam Hong Kong is concerned with the vulnerable communities affected by extreme weather around the globe and partners with different organisations to aid these communities in the fight against climate change. The funds raised through Oxfam Trailwalker will go towards various poverty alleviation, emergency relief, and advocacy projects, supporting impoverished populations in Hong Kong and worldwide to improve their living conditions, particularly those affected by extreme weather events. Oxfam's focus on climate justice aligns with the values of our own sustainability vision for the future at HSH.

The Peninsula Hong Kong has been a long-time supporter of this meaningful Oxfam Trailwalker event since 2012, yet, yet for the first time, we expanded our participation to include 9 teams from our Asia operations. The experience, though gruelling at times, created lifelong memories where our colleagues leaned on each other, supported one another, and overcame challenges together. Altogether, we were able to raise HK\$160,000 in donations for Oxfam.



## Our Communities

“ By increasing visibility on the provenance of our products and services, we take steps to ensure our offering does not contribute to modern slavery. ”

As global supply chains continue to grow in length and complexity, visibility across our value chains become increasingly challenging. With our business positioned at the end of supply chains, we uphold due diligence processes to ensure products and services offered to our guests comply with relevant regulations, while maintaining good labour and environmental practices.

We have focused our work on high-risk suppliers, defined by their susceptibility to labour exploitation, contribution to environmental degradation, and a general lack of transparency. Examples include suppliers of seafood, cotton, tea, coffee, chocolate, outsourced service contractors and recruitment agencies for our contingent or temporary workforce.

<p>9 </p>	<p><b>Increase supply chain visibility on responsible sourcing for our high-risk suppliers</b></p>
	<p>Monitor our high-risk suppliers to ensure clear visibility and traceability of 90% through targeted audits and engagement</p>
	<p>Require all suppliers to support anti-modern slavery efforts as part of our Supplier Code of Conduct</p>
	<p>Work and engage with our suppliers by strengthening our Supplier Code of Conduct</p>



### Supplier Code of Conduct

Introduced in 2009, the Supplier Code of Conduct (SCOC) exists to articulate our expectations of suppliers and contractors on environmental, social and ethical practices. The SCOC is publicly available and supplier’s explicit acknowledgment is mandated in all contracts. The SCOC is regularly updated to ensure alignment with international standards, notably the United Nations Global Compact, UN Universal Declaration of Human Rights, Conventions of the International Labour Organisation and the OECD Guidelines for Multinational Companies. In an effort to encourage suspected breaches and violations, we have also linked our *Speak Up Policy* to the SCOC. In 2023, we have engaged with several high-risk suppliers for chocolate, coffee and Chinese tea, the interviews aimed to ensure our suppliers are meeting the standards set out in the SCOC and other responsible sourcing practices outlined in *Vision 2030*. Where gaps are identified, we sought to understand their challenges and provide feedback for improvement. By adopting a more collaborative approach, we hope to bring all our suppliers, even those with room for improvement, alongside our sustainability journey and cultivate mutual advancement.



### Anti-modern slavery

We are committed to upholding fundamental human rights within our own operations as well as across our supply chain. We condemn any form of slavery and human trafficking and are continuously improving our policies and processes to build awareness, improve transparency and combat such practices. Since 2020, we have engaged contingent labour agencies and seafood suppliers to incorporate action items related to human rights, human trafficking and modern slavery, and have worked with a number of NGOs both locally and on a group-wide level to strengthen internal awareness and training. In 2023, we organised a global Modern Slavery Awareness training which was delivered by our long-term partner The Mekong Club. Over 70 colleagues from our global operations attended this training including representatives from senior management, People and Culture, procurement, security, legal and finance teams. Separately, we also hosted the *Promoting and Adopting Responsible Business Practices in the Hospitality Sector* event, organised by the United Nation's International Organization for Migration (IOM) together with Hong Kong-based industry group GREEN Hospitality to help advance and address modern slavery issues in the hospitality sector. Our Modern Slavery Statement, reviewed and updated annually, is publicly available and details our efforts towards addressing modern slavery.

 [Read our Modern Slavery Statement](#)

### Improving Traceability and Sourcing Responsibly

Majority of our tea, coffee and chocolate are already sourced from certified sources which ensure chain of custody and traceability. We are also members of the Hong Kong Sustainable Seafood Coalition (HKSSC) and join other players in the seafood value chain to advance the sustainable seafood market locally. The seafood supply chain is particularly susceptible to issues of traceability, exposing vulnerability to unsustainable fishing practices and modern slavery. In 2023, The Peninsula Hong Kong's Chinese restaurant Spring Moon participated in the HKSSC's month-long World Ocean Day campaign and created seasonal sustainable seafood menus, where we demonstrate the possibility of offering sustainably-sourced seafood in local Chinese cuisine where seafood traceability (including seafood species, origins, fishing methods) typically presents as a challenge. We are working to further enhance tools to enable our procurement teams to source seafood from trusted suppliers, especially for seafood products that have not yet obtained internationally recognised sustainable certifications.

## Our Communities

“ Harnessing the power, passion and influence of like-minded partners, to create impactful and lasting change ”

We recognise that collaboration is key to solving our world’s most pressing issues. We are members of several cross-sectoral and industry-wide consortiums, to participate in problem-solving sessions with our partners, and listening to the voices of tomorrow. Through this approach, we strengthen not only our own sustainability practices, but also share our learnings across industries and like-minded peers.

10  Influence and collaborate to find solutions with other stakeholders

Join sector and like-minded business initiatives to advocate and advance efforts for sustainable change

Partner with others to implement actions and solutions in our operations

### Knowledge Sharing and Industry Collaboration

We are members of several industry-specific working groups to stimulate discussions and facilitate the generation of new ideas to help address common challenges, bringing closer alignment of actions across our sector and raising the bar towards achieving a common goal. This includes the World Travel and Tourism Council’s (WTTC) Climate Action Focus Group, The Cornell Hotel Sustainability Benchmarking Advisory Group, GREEN Hospitality’s Sustainable Hospitality Roadmap Advisory Group, The Mekong Club’s Supply Chain Working Group, Business for Social Responsibility’s (BSR) Responsible Luxury Initiative, as well as the Hong Kong Sustainable Seafood

Coalition. We also participate in The University of Hong Kong’s (HKU) *Partnership for Sustainability Leadership in Business* project. In 2023, we collaborated with the University’s Centre for Civil Society and Governance on their *Practical Guidebook to a Circular Economy*, serving as a case study aimed at enhancing practical knowledge of circularity initiatives across the business sector. In 2023, we also served as a corporate advisor to The Hong Kong University of Science and Technology (HKUST), providing mentorship and real-world insights to students who serve as ambassadors of the future on their Capstone project.





Since 2018, we partnered with The Hong Kong Research Institute of Textiles and Apparel Limited (HKRITA) to develop new methods of textile upcycling solutions. In 2023, we provided retired bedding from our hotel for their research on upcycling solutions for down feather – a technology which is currently not available in Hong Kong. We have also provided other retired textile products as testing material to support their development of recycling solutions for fine woven cotton fabrics, that has typically been challenging using the currently available recycling methods on the market.

### **Unlocking Opportunities through Green Financing**

Green Finance is a growing vehicle for corporates to unlock capital that may not be available through traditional financing channels, by demonstrating good sustainability performance or by earmarking such capital for sustainability-related projects. It has also become an important instrument for financial institutions to fund and invest in climate solutions. Since 2021, we incorporated green finance into our overall financing strategy to further our contributions to a low-carbon economy. In 2023, we secured a total of HK\$13.1 billion equivalent in green facility amount to help fund sustainability-related capital expenditure and projects across the group. More details of the green projects financed by our sustainability-linked or green loans can be read on p.72.



- Climate-related Disclosures
- Green Finance Report
- Independent Practitioners' Limited Assurance Report
- Sustainability Data Statements
- Sustainability Reporting Content Index

# Climate-related Disclosures

The following statement, which references the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board's (ISSB) IFRS S2 Climate-related Disclosures, outlines how we manage climate-related risks and the implications these risks may have on our business.

## Our Sustainability and Climate Strategy

The impacts of climate change are observed globally and unusual weather events caused direct impact to our operations. In 2023, just one week after Hong Kong was hit with a tropical cyclone No. 10, the city observed unusual rainfall and flash floods, recording the highest hourly rainfall rate in 24 hours since 1884 causing widespread damage to the city's infrastructure and services. Similarly, Beijing experienced the highest level warning for heavy rainfall warranting 30,000 residents to evacuate from their homes. In Canada, widespread wildfire caused deterioration in air quality in New York and Chicago, with air quality reaching hazardous levels for humans. Given the rise of frequency and intensity of these climate events, we recognise the needs to manage climate-related risks and opportunities proactively. Our group sustainability strategy *Sustainable Luxury Vision 2030 (Vision 2030)* serves as the blueprint of the company to navigate the future volatile world in the event of climate change crisis.

To help facilitate our response to climate change, we have set the following group-wide Greenhouse gas (GHG) reduction targets in *Vision 2030*:

- Reduce our key environmental impact from baseline year of 2010 by:
  - 55% for carbon and water intensity
  - 35% for absolute carbon emissions

Besides setting a target on GHG emissions, we also recognise the needs to accelerate our climate actions and related sustainability efforts within our operations and across our value chain:

- Align new developments and major renovations with international sustainable building standards and ensure building preparedness for future climate events
- Embed climate adaptation measures for existing operations and future investments
- Increase the use of renewable and regenerative energy and water sources
- Responsibly source key products (including tea, coffee, chocolate, cage-free eggs, paper and cleaning products) and services by embedding environmental considerations



**More details of our *Vision 2030* strategy, targets and performance can be found in this report.**

To ensure we are well-positioned to weather climate impact, we proactively monitor and deepen our understanding of the inter-related and complex nature of climate risks we are facing. Starting in 2018, we embarked on our journey to understand the potential impact of climate change on our business based on desktop research. In 2022, we commenced work with consultants to understand the physical and transitional climate-risks for the group within the next decade. In the coming year, we are conducting more in-depth climate risk assessment of our assets, which will enable us to estimate the potential economic impact and develop actionable mitigation plan, based on the projected likelihood and severity of such climate hazards in each location. By adding environmental and social risks as a principal risk for our company, we will further integrate climate-risks into our overall risk management strategy.

## Governance on Climate Risks

We regard the integration of sustainability and climate actions as a sensible and necessary strategy that benefits the group in both the short and long term. Through the initiative of our Chief Executive Officer (CEO), Mr Clement Kwok, Group Corporate Responsibility Committee (GCRC) was set up in 2007, with the oversight and support of our Chairman, The Hon. Sir Michael Kadoorie and our Board.

Previously led by the CEO, GCRC is now co-chaired by the Chief Corporate and Governance Officer, who also chairs the Group Risks Committee (GRC). This serves as a reflection of the rising importance to integrate sustainability in all aspects of our business and to proactively manage sustainability-related risks. The GCRC is responsible to manage the implementation of our sustainability strategy, and with climate change crisis emerging as top global risk for the past few years, there has been increasing focus and discussion on proactively monitoring climate-related risks, developing mitigation actions and identifying transition opportunities.

The Head of CRS updates the GRC on emerging environmental and social (E&S) risks at least once a year, this is to ensure climate risks are being considered and integrated into the company's broader risk management approach. Given the importance of such risk, the Board has delegated additional responsibility to the Audit Committee to review the effectiveness of managing E&S risks.

 **Read more on GRC's work on pages 186 and 189 in the Annual Report.**

The Board reviews the group's sustainability strategy and received updates on climate-related issues from the Head of CRS at least once a year. The Board also receives training through the Director's Training and Development programme<sup>1</sup>, we seek to enhance our training to include more content on climate and sustainability-related topics, preparing our Directors with the knowledge and competencies to oversee strategies relating to climate risks.

## Assessing Our Climate Risks

Our climate risks assessment references physical climate hazards and socioeconomic data from sources such as the Intergovernmental Panel on Climate Change (IPCC) and National Oceanic and Atmospheric Administration (NOAA), and the vulnerability of each asset type to deliver decision-relevant insights. The assessment is based on four Representative Concentration Pathways (RCP 2.6, 4.5, 6 & 8.5) in alignment with climate scenarios published in the latest IPCC Report (AR6).

To help understand the knock-off effect of the climate risks our business face, we regularly refer to research conducted by global risk experts such as the World Economic Forum's (WEF) Global Risks Report, as well as from the United Nations Climate Change Conference (COP28), and also sit in several topic-specific industry consortiums and working groups to stay abreast with emerging climate induced socio-economic risks.

We recognise that climate change poses different types of risks to our business across different time horizons. Physical risks include acute and chronic impacts resulting in the changes in environmental conditions associated with climate change, while transition risks are impacts resulting from the global transition to a low-carbon economy.

## Physical Risks

On physical risks, we focused our assessment first on acute physical risks which are extreme weather events, as those require our urgent attention. We have identified the following risks with potential to impact our business:

In the coming year, we plan to conduct more comprehensive climate risk assessments, which will cover a longer-term time horizon and subsequently covering chronic physical risks which typically have longer-term impacts. We also plan to conduct assessments on the asset-level, which will enable us to understand the change of impact over short to long term, including intensity and likelihood of these climate events.

<sup>1</sup> See page 176 in the Annual Report 2023 for records on director's attendance to Training and Development programme

**Acute physical risks**

- Temperature extremes
- Coastal and fluvial flooding
- Wildfire
- Drought
- Tropical cyclones
- Water stress

**Potential Impacts**

Disruption of operations, supply chain disruption for our products and services, physical damage to our assets, increased utility costs and insurance premium, reduced availability of critical resources

**Mitigation Measures**

We will continue to facilitate our response to the identified group climate-risks through *Vision 2030*. We have established asset-level mitigation measures in place for extreme climate events such as (a) maintaining comprehensive insurance coverage for properties and businesses, (b) enhancing the resilience of the physical structure through better design, upgrade and regular maintenance, and (c) establishing site and company level crisis management teams with business continuity plans to facilitate emergency responses. We also (d) install physical protections against natural disaster, extreme weather events, and chronic changes in climate (e) conduct regular evacuation drills and safety training to prepare our employees for such events, (f) implement water-saving initiatives particularly in assets located in water-stressed regions.

With the recent addition of environmental and social risks as a principal risk to the company, we will integrate climate considerations in the group's semi-annual risk evaluation process to ensure sufficient measures are in place to protect us against future climate events and changes. This process will help facilitate co-ordinated and proactive climate mitigation and adaptation efforts across the group.

**Transition Risks**

Transitioning to a lower-carbon global economy requires co-ordinated and transformative policy, legal, technology and market changes. In recent years, we have seen the nature and speed of such changes pose varying levels of risk to our organisation. We have identified the following transition risks with potential to impact our business:

**Climate-related Transition risks****Potential Impacts**

Reputational risk

Stakeholder perceptions of our organisation may change based on their perception of our contributions or lack of contributions to climate change. This may result in decreased employee attraction and retention, and decreased guests' demand for our goods/ services.

Market supply and demand

Climate change is changing ecosystems core to our product sources for example tea, coffee, chocolate, and seafood, and may limit the availability and supply of such products, as well as rising costs of commodities in the future. We have also seen general public and travellers shifting away from products and services known to cause negative impacts to our environment (such as single use plastic and sharks fin), with an increasing preference on more sustainable, low-carbon alternatives. Failing to transition may decrease demand for our luxury offerings, and hence impacting our business performance in the long term.

Litigation and regulation compliance

We have seen an increase in climate-related litigations globally. Failure to mitigate, adapt and disclose in reference to regulations may impose fines and penalties.

Carbon pricing

We have seen increasing policies and regulations which impose carbon pricing through mechanisms such as carbon taxes or emissions trading, which may increase future operating costs. Markets which we operate in including China, Japan, United Kingdom, Vietnam and California (USA) have already established either mandatory or voluntary carbon pricing mechanisms.

## Low Carbon Transition and Future Opportunities

Since the initiation of our sustainability strategy a decade ago, we continue to understand and implement mitigation efforts to manage our evolving climate risks. Early adoption of such measures have provided opportunities for us along our journey.

Through *Vision 2030*, we have implemented numerous energy saving initiatives that achieved 20% energy intensity and 41% carbon intensity reduction from our baseline year of 2010. Together with the increased use of renewable energy, we continue to grow our financial resilience to a more volatile energy market such as surging utility costs and fuel prices in recent years. The early adoption of environmental best practices has also helped ease our transition by allowing sufficient time to explore best available opportunities in the market, update internal protocols as well as training of our employees to respond to emerging regulations such as carbon reporting and disclosures, and maintaining building efficiency in the markets which we operate.

Our new developments are aligned to BREEAM to ensure our buildings are constructed with a lower carbon footprint, built with consideration of acute climate hazards and chronic climate changes in the future, and increase the reputation of our hotel as a sustainable offering in anticipation for future industry demands. We joined the EarthCheck Certification programme more than ten years ago, to ensure our hotels continue to exceed industry expectations. The growing market of more sustainably-conscious travelling in recent years has led to an industry wide effort to promote sustainable options for travellers by aligning to Global Sustainable Travel Council (GSTC) criteria and World Travel and Tourism Council (WTTC) *Sustainability Basics* requirements.

Starting in 2021, we further integrated sustainability into our overall business and financing strategy by obtaining green financing mechanisms to generate working capital on sustainability-related capital expenditure and initiatives. As at 31 December 2023, we have signed a total of HK\$13.1 billion sustainability-linked and green loans. More details on projects funded by our sustainability-linked and green loans can be found in our Green Finance Report.

Climate change is also expected to place increasing pressure on our supply chains and it is important for us to understand the impacts it will have particularly for our key products most vulnerable to environmental changes such as tea, coffee, chocolate, seafood, and cotton products. As part of our *Vision 2030* strategy, we are focused on working with our high-risk suppliers to improve traceability and to increase local sourcing of perishable goods, nearly 60% across the group. We seek to continue improving on our sourcing practices and improve resilience in our supply chain as part of Scope 3 emission assessment in the coming year.

We are currently reviewing our carbon reduction targets to ensure more alignment to the methodology published by Science-Based Targets Initiatives (SBTI) for our Scope 1, 2 and 3 GHG emissions. We also reference industry benchmark and best practices, to ensure our goals are closely aligned with rigorous climate science. We have also commenced work to conduct detailed energy audits on our assets to identify further energy and cost saving opportunities, as well as identifying opportunities for renewable energy adoption in the markets which we operate, based on availability and cost. This work will be key in mapping out a roadmap which will entail shorter and longer-term actions to decarbonise our operations in alignment with a net zero goal. This roadmap will also be key for us to plan ahead for resource and capital expenditure allocation to facilitate the transition to reach our goals.

As we work towards conducting a more holistic climate risk assessment in the coming year, we also plan to further integrate and formalise the assessment results into our semi-annual corporate risk assessment exercise.



[Read our Green Finance Report](#)

# GREEN FINANCE REPORT

At HSH, we are committed to play a role in building a sustainable future in line with our *Sustainable Luxury Vision 2030 (Vision 2030)*. The renewed sustainability strategy places a deeper focus on business integration, placing sustainability at the heart of the company's business model and brand. This includes the incorporation of green finance in our overall financing strategy to further our contribution to a low-carbon economy. Since 2021, we secured sustainability-linked loans and green loans totaling to HK\$13.1 billion equivalent at the end of 2023.

## Green Financing Transactions

Our Green Financing Framework (the "Framework" or "GFF") demonstrates how the group could, with Green Financing Transactions ("GFTs"), unlock capital and fund projects that would minimise our environmental impact and foster sustainable practices in support of the group's sustainability strategy. GFTs will include bonds, loans, and other forms of debt financing used to fund or refinance projects that fall within Eligible Projects Categories as defined in the Framework.

The following sections provide information on the allocation of net proceeds and impacts of its GFTs from 1 January 2023 to 31 December 2023. We will continue to report on this information on an annual basis in accordance with the Framework until full allocation of net proceeds.

Loan Type	Total Facility Amount (HKD)
Sustainability-linked Loan	6,247 million
Green Loan	6,885 million

## Allocation of Proceeds for Green Loan (as of 31 December 2023)

	21 Avenue Kléber	The Peninsula London and Residences
<b>Types of Loan</b>	Green Loan	Green Loan
<b>Allocated (HKD)</b>	519 million	6,366 million
<b>Earmarked (HKD)</b>	–	–
<b>Eligible Project Category</b>	Green Building	Green Building
<b>Financing Status</b>	Existing facility in 2023	Refinanced facility in 2022

## Green Project Updates



<b>Project Name &amp; Location</b>	21 Avenue Kléber (Paris, France)
<b>Gross Floor Area &amp; Building Specifications</b>	44,218 sq.m including 2 retail spaces and office spaces located directly adjacent to The Peninsula Paris, steps away from the Arc de Triomphe
<b>Years of Operation</b>	Acquired since 2013
<b>Green Building Certification</b>	<ul style="list-style-type: none"> <li>• Excellent level for BREEAM 2009: Europe Commercial – Offices (Shell only)</li> <li>• Outstanding level for HQE (Haute Qualité Environnementale)</li> </ul>
<b>Eligible Project Category</b>	Green Building <sup>1</sup>
<b>Net Proceeds Allocated</b>	HK\$519 million
<b>Examples of Green Elements</b>	<ul style="list-style-type: none"> <li>• Passive building design to reduce energy consumption including enhanced insulation on roofing and facades, and automatic light dimming based on natural light</li> <li>• Enhanced monitoring and optimisation of energy consumption through the installation of electrical metering system connected to a centralised building management system (BMS)</li> <li>• Minimise water consumption through installation of water efficient equipment such as low-flow flushing and shower in sanitary facilities</li> <li>• Promote waste management and recovery activities to tenants by provision of waste sorting facilities throughout the building and inclusion of waste management best practice and recommendations in lease specifications</li> <li>• All materials used for renovation and in contact with indoor air (such as carpeting, wall painting) are devoid of carcinogenic particles and fibres harmful to human health</li> <li>• Diverse and non-invasive flora placed in all outdoor spaces to promote ecology and biodiversity</li> </ul>

<sup>1</sup> Please refer to p.30 for more details of our sustainable building approach.



<b>Project Name &amp; Location</b>	The Peninsula London and Residences (London, U.K.)
<b>Gross Floor Area &amp; Building Specifications</b>	61,689 sq.m 190-room hotel and 25 luxury Peninsula-branded residential apartments situated alongside the iconic Hyde Park Corner and Wellington Arch
<b>Years of Operation</b>	Soft opening in September 2023, grand opening to be expected in 2024
<b>Green Building Certification</b>	Pre-certified Excellent level for BREEAM 2011: New Construction version – hotel
<b>Eligible Project Category</b>	Green Building <sup>2</sup>
<b>Net Proceeds Allocated</b>	HK\$6,366 million
<b>Estimated Environmental Impact<sup>3</sup></b>	<ul style="list-style-type: none"> <li>Estimated energy savings of more than 22% and 29% carbon emissions avoided compared to baseline<sup>4</sup></li> </ul>

<sup>2</sup> Please refer to p.8 for sustainability examples of The Peninsula London and p.30 for more details of our sustainable building approach.

<sup>3</sup> Estimated environmental impacts based on Simplified Building Energy Model (SBEM) calculations in Building Regulations UK Part L (BRUKL) Design stage report; carbon emissions calculated using emission factors from the UK government’s *Standard Assessment Procedure (SAP) for energy rating of dwellings – SAP 2012 v 9.92*.

<sup>4</sup> Based on notional building baseline from the UK government’s *Approved Document L2A 2013 Edition with 2016 amendments*.

# INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT

## Independent Practitioners' Limited Assurance Report To the Directors of The Hongkong and Shanghai Hotels, Limited

Report on selected information in The Hongkong and Shanghai Hotels, Limited's Corporate Responsibility and Sustainability Report and Sustainability Data Statement 2023 as of and for the year ended 31 December 2023

## Conclusion

We have performed a limited assurance engagement on the following information in The Hongkong and Shanghai Hotels, Limited's ("HSH") Corporate Responsibility and Sustainability Report and Sustainability Data Statement 2023 (hereafter referred to as "the Assured Sustainability Information") as of and for the year ended 31 December 2023:

Assured Sustainability Information	Applicable Criteria
<p>A. Data points and relevant narratives:</p> <p><b>People:</b></p> <ul style="list-style-type: none"> <li>• Total headcount</li> <li>• Headcount by gender</li> <li>• Total staff turnover</li> </ul> <p><b>Safety:</b></p> <ul style="list-style-type: none"> <li>• Injury rate</li> <li>• Lost day rate</li> </ul> <p><b>Community:</b></p> <ul style="list-style-type: none"> <li>• Donations in cash and in kind</li> <li>• Other contributions for community development</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental, Social and Governance Reporting Guide, Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX ESG Guide")</li> <li>• CRS data reporting scope and methodology as disclosed in the Sustainability Data Statements in the Report</li> </ul>
<p>B. Economic data points</p> <ul style="list-style-type: none"> <li>• Revenue (including interest income)</li> <li>• Operating costs</li> <li>• Employee wage and benefits</li> <li>• Capital expenditure</li> </ul>	<ul style="list-style-type: none"> <li>• Payments to providers of capital</li> <li>• Tax payments to governments</li> <li>• Total floor area</li> <li>• Total number of guest nights</li> </ul>
<p>C. Information in relation to green loan:</p> <ul style="list-style-type: none"> <li>• Amount of proceeds allocated to the Eligible Projects</li> </ul>	<ul style="list-style-type: none"> <li>• HSH Green Financing Framework</li> </ul>

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Assured Sustainability Information for the year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.

Our conclusion on the Assured Sustainability Information does not extend to any other information that accompanies or contains the Assured Sustainability Information and our assurance report. We have not performed any procedures with respect to the other information.

## Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Intended use or purpose

This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our conclusion is not modified in respect of this matter.

### Responsibilities for the Assured Sustainability Information

The Directors of HSH are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Assured Sustainability Information;
- selecting or developing suitable criteria for preparing the Assured Sustainability Information and appropriately referring to or describing the criteria used; and
- preparing the Assured Sustainability Information in accordance with the Applicable Criteria.

### Inherent limitations in preparing the Assured Sustainability Information

Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Assured Sustainability Information are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to you.

### Summary of the work we performed as the basis for our conclusion

We exercised professional judgement and maintained professional scepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Assured Sustainability Information that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Assured Sustainability Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we:

- evaluated the suitability in the circumstances of HSH's use of the Applicable Criteria, as the basis for preparing the Assured Sustainability Information;
- through inquiries of relevant staff at corporate and selected location responsible for the preparation of the Assured Sustainability Information, obtained an understanding of HSH's control environment, processes and information systems relevant to the preparation of the Assured Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- tested a limited number of items to or from supporting records, as appropriate;
- performed analytical procedures over the Assured Sustainability Information where appropriate by comparing the expected results to actual results reported and made inquiries of management to obtain explanations for any significant differences we identified;
- performed recalculations of selected data in the Assured Sustainability Information; and
- considered the presentation and disclosure of the Assured Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



KPMG  
 Certified Public Accountants  
 8th Floor, Prince's Building  
 10 Chater Road  
 Central, Hong Kong  
 19 March 2024

# SUSTAINABILITY DATA STATEMENTS

This section provides statistical information on the group's sustainability performance. To facilitate stakeholders in understanding and benchmarking our corporate responsibility performance, our reporting follows the Hong Kong Stock Exchange ESG Guide and GRI Standards. As our business activity gradually resumes to pre-covid levels, our energy, carbon and water intensity figures also continue to normalise, hence some performance metrics are showing unfavorable trend compared to last year. Please bear this in mind when reading the CRS statistics in this year's annual report.

## 1. PERFORMANCE HIGHLIGHTS <sup>(1)</sup>

			2023	2022	2021	2020	2019	2010 Baseline
Economic	<b>Revenue (incl. interest income)</b>	HK\$m	<b>8,133</b>	4,204	3,465	2,715	5,888	
	<b>Operating costs</b>	HK\$m	<b>4,431</b>	1,706	1,388	1,133	2,049	
	<b>Employee wage and benefits</b>	HK\$m	<b>2,462</b>	1,966	1,562	1,511	2,294	
	<b>Capital expenditure</b>	HK\$m	<b>1,708</b>	2,030	2,050	1,585	1,590	
	<b>Payments to providers of capital</b>	HK\$m	<b>737</b>	295	165	215	242	
	<b>Tax payments to governments <sup>(2)</sup></b>	HK\$m	<b>241</b>	261	229	355	330	
	<b>Total floor area</b>	'000 m <sup>2</sup>	<b>761</b>	647	646	646	652	
	<b>Total number of guest nights <sup>(3)</sup></b>	'000	<b>1,027</b>	790	604	384	1,277	
Workforce	<b>Headcount <sup>(4)</sup></b>		<b>7,695</b>	6,439	5,866	5,609	7,451	
	<b>Turnover <sup>(4)</sup></b>	%	<b>21.9%</b>	23.8%	24.3%	31.5%	19.7%	
	<b>Headcount by Gender</b>	% Female	<b>41.6%</b>	41.0%	40.5%	40.5%	41.6%	
	<b>Injury rate <sup>(5)</sup></b>	incidents per 100 employees	<b>3.8</b>	3.6	3.0	2.5	3.9	
	<b>Lost day rate</b>	days per 100 employees	<b>41.3</b>	49.6	71.1	47.4	74.4	
Environment <sup>(6)</sup>	<b>Greenhouse gas emissions</b>	'000 tCO <sub>2</sub> e	<b>81</b>	79	72	68	96	124
	<b>Group carbon intensity</b>	kg CO <sub>2</sub> e per m <sup>2</sup>	<b>126</b>	122	112	105	148	213
	<b>Total energy use <sup>(7)</sup></b>	'000 GJ	<b>788</b>	710	654	572	822	884
	<b>Energy intensity <sup>(7)</sup></b>	MJ per m <sup>2</sup>	<b>1,218</b>	1,097	1,012	885	1,272	1,518
	<b>Direct water consumption</b>	'000 m <sup>3</sup>	<b>1,562</b>	1,302	1,168	941	1,526	1,674
	<b>Water intensity</b>							
	Hotels Division <sup>(8)</sup>	litres per guest night	<b>1,315</b>	1,395	1,636	2,010	1,014	1,346
	Commercial Properties, Clubs & Services Division	litres per m <sup>2</sup>	<b>1,088</b>	962	839	870	959	962
<b>Water recycled and other water sources</b>	'000 m <sup>3</sup>	<b>296</b>	382	337	372	484	142	
<b>Waste diversion rate <sup>(9)</sup></b>	%	<b>53.5%</b>	52.7%	48.3%	48.8%	51.0%		
Community	<b>Monetary Donations <sup>(10)(11)</sup></b>	HK\$'000	<b>3,805</b>	941	1,549	3,157	2,025	
	<b>In-kind Donations <sup>(11)</sup></b>	HK\$'000	<b>3,003</b>	2,706	1,807	1,988	7,403	
	<b>Other community contributions <sup>(11)(12)</sup></b>	HK\$'000	<b>2,892</b>	2,451	1,193	380	1,606	

### Footnotes:

- (1) Please refer to p.78 for the scope of businesses covered in the reporting of workforce, environment and community performance. 2010 baseline year for carbon, energy and water metrics has been adjusted to exclude Thai Country Club for more accurate benchmarking, as we ceased ownership and operational control of the property from 2020 onwards. The Peninsula London and The Peninsula Istanbul were included in 2023 data, with the exception of environment performance data as both properties were newly opened in 2023 and have yet to record 12 full months of operation data for accurate benchmarking. The data for both properties will be included in the 2024 report.
- (2) Inclusive of corporate income tax, property and real estate tax, payroll tax and other corporate taxes.
- (3) Calculation based on actual number of guests that occupied each of the rooms and suites in the relevant year.
- (4) Year-end data as at 31 Dec 2023. Headcount data only covers full-time employees working full number of hours per week for that particular position. Total headcount increased as we welcomed new employees to our workforce from the opening of The Peninsula London and The Peninsula Istanbul in 2023. Voluntary turnover rate, which covers full-time employees left employment based on their own decision to resign is 18.2%.
- (5) Injury rates have stabilised as all our operations returned to full operational capacity in 2023. 94% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.22 per 100 employees. There was no incident of occupational disease recorded.
- (6) As business across the group continued to recover in 2023, there were more business activity (such as guests staying at our hotel) leading to an overall increase in energy intensity by 11% compared to last year. Hotel water intensity continues to normalise by increased guest nights and returns back to baseline levels, at a 5.7% reduction from last year. Water intensity for commercial properties, clubs & services increased by 13.1% due to business recovery. Please refer to pages 24 to 29 of the report for detailed explanation of the changes.
- (7) Vehicle fuel consumption is not included in the total energy use and energy intensity reported.
- (8) Includes all water uses in the hotels, not just those used by guests directly.
- (9) Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.
- (10) Monetary Donations include donations from the company, guests and employees.
- (11) Total community contributions (including monetary and in-kind donations and other community contributions) increased by 59% from last year, as business across the group improved in 2023. In addition, the group has set aside HK\$37.9m as a special donation under our "Hope for Türkiye" fundraising campaign which was an initiative to support those affected by the devastating earthquake that occurred in Türkiye in February 2023. The group is now reviewing the most appropriate non-profit or governmental organisation partner to achieve the optimal outcome for our donation.
- (12) Relates to contributions made to non-charitable organisations on projects supporting the wider community, for example, the Hong Kong Heritage Project, an archive project for preserving valuable historical records of the Kadoorie family and its businesses that are mostly based in Hong Kong.

## Sustainability Data Statements

### (2) CRS Performance

Explanations for significant data changes are included in the main report text or in the footnotes below, as indicated. Group Performance can either be a total number or a weighted average (i.e. ratio or intensity) depending on the methodology used.

- (a.) Workforce data reported covers the group's hotel operations (including corporate office operations in Hong Kong, Beijing, Bangkok, Shanghai, London, Istanbul and the US) and commercial properties, clubs and services operations.
- (b.) Environment data reported covers the group's hotel operations (not including office operations and The Peninsula London and The Peninsula Istanbul due to less than 12 months of operational data available), The Repulse Bay Complex, The Peak Tram Complex, St. John's Building, The Landmark, Quail Lodge & Golf Club, and Tai Pan Laundry.
- (c.) Community data reported covers hotel operations and head office in Hong Kong, The Repulse Bay Complex, The Peak Tram Complex, St. John's Building, The Landmark, Quail Lodge & Golf Club, The Peninsula Merchandising, and Tai Pan Laundry.

		2023			2022			2021			2010			Group Performance
		Hotels	Commercial Properties, Clubs & Services	Group	Hotels	Commercial Properties, Clubs & Services	Group	Hotels	Commercial Properties, Clubs & Services	Group	Hotels	Commercial Properties, Clubs & Services	Group	
Workforce	<b>Total Headcount</b> <sup>(1)</sup>	6,515	1,180	7,695	5,344	1,095	6,439	4,806	1,060	5,866				
	Male	57.7%	62.2%	58.4%	58.1%	63.1%	59.0%	58.4%	64.6%	59.5%				
	Female	42.3%	37.8%	41.6%	41.9%	36.9%	41.0%	41.6%	35.4%	40.5%				
	<b>by Management Role</b>													
	Management	18.9%	13.3%	17.9%	20.9%	11.5%	19.2%	19.8%	11.8%	18.1%				
	Non-management	81.1%	86.7%	82.1%	79.1%	88.5%	80.8%	80.2%	88.2%	81.9%				
	<b>Employees under Collective Bargaining</b>	17.4%	17.9%	17.5%	20.2%	17.2%	19.7%	22.6%	19.3%	22.0%				
	<b>Total Turnover Rate</b> <sup>(2)</sup>	21.3%	25.0%	21.9%	23.1%	26.8%	23.8%	23.3%	28.5%	24.3%				
	Under 30 years old	32.8%	43.1%	33.7%	42.0%	47.4%	42.6%	39.2%	49.3%	40.5%				
	30 to 50 years old	19.6%	19.6%	19.6%	20.6%	22.8%	21.0%	19.7%	23.9%	20.3%				
	Over 50 years old	11.2%	26.6%	14.9%	11.5%	24.7%	14.9%	16.9%	27.0%	19.9%				
	<b>Average training spend</b> <sup>(3)</sup>	per full time equivalent	HK\$1,330	HK\$359	HK\$1,185	HK\$1,339	HK\$220	HK\$1,149	HK\$582	HK\$46	HK\$286			
<b>Injury Rate</b> <sup>(4)</sup>	incidents per 100 employees	4.0	2.8	3.8	3.8	2.5	3.6	2.3	5.7	3.0				
<b>Lost Day Rate</b> <sup>(4)(5)</sup>	days per 100 employees	41.3	41.0	41.3	56.3	21.5	49.6	36.4	214.3	71.1				
<b>Absentee Rate</b> <sup>(4)</sup>	days per employee	5.3	6.8	5.5	8.2	11.2	8.8	6.2	9.1	6.8				
Environment <sup>(6)</sup>	<b>Greenhouse gas emissions</b> <sup>(7)</sup>	'000 tCO <sub>2</sub> e	66	15	81	66	13	79	59	14	72	104	20	124
	Scope 1 emission	'000 tCO <sub>2</sub> e	13	6	19	12	4	16	10	5	15	18	5	23
	Scope 2 emission <sup>(8)</sup>	'000 tCO <sub>2</sub> e	53	9	62	54	9	63	48	9	57	86	15	101
	<b>Carbon intensity</b>	kg CO <sub>2</sub> e per m <sup>2</sup>	136	96	126	135	84	122	120	87	112	232	151	213
	<b>Total energy use</b> <sup>(9)(10)</sup>	'000 GJ	651	137	788	602	108	710	542	112	654	752	132	884
	Direct energy use <sup>(11)</sup>	'000 GJ	179	80	259	157	56	213	137	60	197	222	60	282
	Indirect energy use	'000 GJ	472	57	529	445	52	497	405	52	457	530	72	602
	<b>Energy intensity</b> <sup>(12)</sup>	MJ per m <sup>2</sup>	1,336	857	1,218	1,235	676	1,097	1,113	703	1,012	1,683	975	1,518
	<b>Direct water consumption</b> <sup>(13)(14)</sup>	'000 m <sup>3</sup>	1,293	268	1,562	1,102	200	1,302	988	180	1,168	1,456	217	1,674
	<b>Water intensity</b> <sup>(15)</sup>													
	Hotels	litres per guest night	1,315	-	-	1,395	-	-	1,636	-	-	1,346	-	-
	Commercial Properties, Clubs & Services	litres per m <sup>2</sup>	-	1,088	-	-	962	-	-	839	-	-	962	-
<b>Water recycled and other water sources</b>	'000 m <sup>3</sup>	144	152	296	54	327	382	34	303	337	142	-	142	
<b>Waste generated</b> <sup>(16)</sup>	tonnes	5,681	562	6,243	5,060	361	5,421	3,969	268	4,237	-	-	-	
<b>Waste diverted</b> <sup>(17)</sup>	tonnes	3,008	331	3,340	2,752	104	2,856	2,002	43	2,045	-	-	-	
<b>Emission of ozone depleters</b>	kg CFC-11e	10.0	1.3	11.0	16.6	0.3	16.9	32.6	2.1	34.7	115.7	17.2	132.9	
Community	<b>Monetary donations</b> <sup>(18)(19)</sup>	HK\$'000	3,369	435	3,805	294	647	941	508	1,040	1,549			
	<b>In-Kind donations</b> <sup>(19)</sup>	HK\$'000	1,673	1,329	3,003	2,266	441	2,706	1,167	640	1,807			
	<b>Other community contributions</b> <sup>(19)(20)</sup>	HK\$'000	-	-	2,892	-	-	2,451	-	-	1,193			
	<b>Community outreach</b> <sup>(21)</sup>													
	Service hours	hours	9,291	857	10,148	6,384	725	7,109	5,776	599	6,375			
Employee volunteers		1,025	50	1,075	713	103	816	788	177	965				

#### Footnotes:

- Year-end data as at 31 Dec 2023. Headcount data only covers full-time employees working full number of hours per week for that particular position, as majority of our workforce are full-time employees. Part-time employees working on permanent, fixed term and at will contracts, non-contracted employees and daily contingent casual labour were not included in the reporting scope. Full-time equivalent (as of Dec 31) is 8,695, this includes employee working on a part time basis (e.g. two part-time employees working half day are counted as one full-time equivalent). Total headcount increased as we welcomed new employees to our workforce from the opening of The Peninsula London and The Peninsula Istanbul in 2023.
- Total turnover rate covers all full-time employees who left the company. "Full Time" means that the employee works full time number of hours per week for that particular position. Voluntary turnover rate covers full-time employees left employment based on their own decision to resign is 18.2%.
- Average training spend is based on total annual training spend per full-time equivalent.
- Injury, lost day and absentee rates do not include The Peninsula Beverly Hills, as the methodology used for monitoring sick days is slightly different where sick days is defined as paid time off. Increased injury rates mainly attributable to more staff returning to full work capacity upon hotels resuming operations in 2023. Refer to page 54 in report for details. 94% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.22 per 100 employees. There was no incident of occupational disease recorded.
- Increase in lost day rate for Commercial Properties Clubs & Services is mainly attributed to two cases recorded spanning more than 100 lost days. Albeit both cases did not require hospitalisation and not considered a severe injury.
- As business across the group continued to recover in 2023, there were more business activity (such as guests staying at our hotel) leading to an overall increase in energy intensity by 11% compared to last year. Hotel water intensity continues to normalise by increased guest nights and returns back to baseline levels, at a 5.7% reduction from last year. Water intensity for commercial properties, clubs & services increased by 13.1% due to business recovery. Please refer to pages 24 to 27 of the report for detailed explanation of the changes.
- Carbon emissions generated from Hong Kong Towngas includes both scope 1 (combustion) and scope 2 (generation and transportation) as required under Hong Kong Carbon Accounting guidelines. For other countries the extraction, generation and transportation process are considered as scope 3 under GHG Protocol and other international standards, and are therefore excluded.
- Scope 2 GHG emissions data presented are calculated based on the market-based method as per the GHG Protocol Scope 2 Guidance. (2023 location-based Scope 2 GHG emissions was 70,151 tonnes CO<sub>2</sub>e).
- On-site solar farm at Quail Lodge & Golf Club generated 1,425,642 kWh renewable energy in 2023, it accounts for 1.1% of the group's total electricity use.
- Vehicle fuel consumption is not included in the total energy use and energy intensity reported.
- 2023 direct energy consumption by source was 185,308 GJ of gas, 5,380 GJ liquefied petroleum gas and 68,202 GJ of diesel oil, while our indirect energy consumption by source were 458,604 GJ of electricity, 14,717 GJ of chilled water and 55,786 GJ of purchased steam.
- The Repulse Bay tenants, The Peak Complex, St. John's Building and The Landmark Vietnam are excluded for water and waste data. Business nature of these properties are different from hotels and other commercial properties, as water consumption and waste disposal are largely determined by number of tenants (or visitors) and their behaviour, where we have limited control.
- Direct water consumption refers to water obtained from municipal source; water captured directly are reported under recycled and other water sources.
- Includes all water uses in the hotels such as restaurant, spa, etc, not just those used by guests directly.
- Water intensity of Tai Pan Laundry (16.4 litres per kilogram washed in 2023, on par at a 1.1% decrease from 2022) is excluded as its intensity is measured on different metrics from that of commercial properties and clubs.
- Total waste generated and diverted increased significantly mainly due to increased guest stays.
- Group waste diversion rate in 2023 is 53.5%, a slight 0.8p.p improvement from last year. Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.
- Monetary Donations include donations from the company, guests and employees.
- Total community contributions (including monetary and in-kind donations and other community contributions) increased by 59% from last year, as business across the group improved in 2023. In addition, the group has set aside HK\$37.9m as a special donation under our "Hope for Türkiye" fundraising campaign which was an initiative to support those affected by the devastating earthquake that occurred in Türkiye in February 2023. The group is now reviewing the most appropriate non-profit or governmental organisation partner to achieve the optimal outcome for our donation.
- Relates to contributions made to non-charitable organisations on projects supporting the wider community, for example, the Hong Kong Heritage Project, an archive project for preserving valuable historical records of the Kadoorie family and its businesses, mostly based in Hong Kong.
- Community outreach service hours and number of volunteers improved as more community activities were organised to address local community needs.

# SUSTAINABILITY REPORTING CONTENT INDEX

The following table summarises the information disclosed in this report in accordance to the Hong Kong Stock Exchange ESG Guide. HSH has also reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards and SASB. Alignment with these reporting standards must be read from this table for full details and context. KPMG was commissioned to conduct assurance of this report and to provide an independent limited assurance opinion on selected information of this report. Details of its report can be found on page 75 to 76.

In case of any discrepancy in the disclosures between the Stock Exchange's ESG Guide, GRI Standards or SASB, the Stock Exchange's ESG Guide shall take precedence due to the Company's disclosure obligation per its listing on the HKEX. References to the 2023 Annual Report in the page/section column will be abbreviated as "AR"

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>GRI 2: General Disclosures 2021</b>				
2-1 Organizational details	–	SV-HL-000.A to D	About this Report; AR Company at a Glance; AR Ten Year Operating Statistics; AR Ten Year Financial Summary	
2-2 Entities included in the organisation's sustainability reporting	MDR 15		About this Report; Sustainability Data Statement	
2-3 Reporting period, frequency and contact point	–		About this Report	Report publication date: 28 March 2024
2-4 Restatements of information	–		Sustainability Data Statement	No restatement of information.
2-5 External assurance	–		Independent Assurance Report	
2-6 Activities, value chain and other business relationships			About this Report; AR Company at a Glance; AR Ten Year Operating Statistics; AR Ten Year Financial Summary; Our Guests – P. 37 – 39, Our Communities – P. 62 – 63	In 2023, we added 2 new hotels, The Peninsula London and The Peninsula Istanbul, to our hotel portfolio. Both hotels are going through soft opening phase with some parts of the hotel still under construction or at finetuning stage. Grand openings of the two hotels are expected to be in 2024.  This report's data scope includes both new hotels, with the exception of environment metrics (all data related to energy, water, carbon and waste), as both properties are currently only operating at limited capacities during soft opening. To ensure better performance benchmarking, we will include environment metrics upon 12 months of operations.

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>GRI 2: General Disclosures 2021</b>				
2-7 Employees	B1.1		Sustainability Data Statement	<p>Employee Statistics by region: Asia: 4,588 (59.6%) Non-Asia: 3,107 (40.4%)</p> <p>Majority of the workforce is hired under full time and permanent contract but it is not material to breakdown in these categories. Instead, full time equivalent (FTE) data is disclosed which also includes employees working on part-time or temporary basis, please refer to page 79.</p> <p>We welcomed an additional 1,239 full-time permanent employees to our workforce from the opening of The Peninsula London and The Peninsula Istanbul in 2023.</p>
2-8 Workers who are not employees	B1.1		Sustainability Data Statement	<p>Some of our workforce is hired under contract or casual basis. These workers are typically hired to perform on-demand work such as events or banquets and to support general operation during peak seasons or on specialised skillsets. Full time equivalent (FTE) data is disclosed which also includes employees working on part-time or temporary basis, please refer to page 79.</p>
2-9 Governance structure and composition	MDR 13		Our Sustainability Vision; AR Corporate Governance Report	
2-10 Nomination and selection of the highest governance body			AR Corporate Governance Report; AR Nomination Committee Report	
2-11 Chair of the highest governance body			AR Corporate Governance Report	
2-13 Delegation of responsibility for managing impacts			Our Sustainability Vision; AR Group Corporate Responsibility Committee Report	
2-14 Role of the highest governance body in sustainability reporting			Our Sustainability Vision	
2-15 Conflicts of interest			AR Corporate Governance Report – P. 184	

GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>GRI 2: General Disclosures 2021</b>				
2-17 Collective knowledge of the highest governance body			AR Corporate Governance Report	
2-22 Statement on sustainable development strategy	MDR 13		AR Letter from the Chairman; AR CEO Statement and Strategic Review; Our Sustainability Vision	
2-26 Mechanisms for seeking advice and raising concerns			–	Our <i>Speak Up Policy</i> provides employees and other stakeholders a confidential reporting channel on suspected misconduct or malpractice within the group without fear of reprisal or victimisation. Reported allegations are logged, reviewed, independently validated and investigated as appropriate. Investigation results are communicated to the Executive Directors and the Audit Committee with approved recommendations implemented by responsible parties.  Please refer to our Code of Conduct and <i>Speak Up Policy</i> for more details.
2-27 Compliance with laws and regulations	A1; B6.2	SV-HL-310a.2	–	No significant instances of non-compliance with laws and regulations resulting in fines or non-monetary sanctions for non-compliance was recorded in 2023.
2-28 Membership associations	–		AR Engaging with our Stakeholders; Our Communities – P. 62 – 65	
2-29 Approach to stakeholder engagement	–		Stakeholder Engagement and Materiality; AR Engaging with our Stakeholders	
2-30 Collective bargaining agreements	–		Sustainability Data Statement	17.5% of total employees are covered by collective bargaining agreements in 2023.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Material Topics</b>					
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	MDR 14: Materiality		Stakeholder Engagement and Materiality	
	3-2 List of material topics	MDR 14: Materiality		Stakeholder Engagement and Materiality; Sustainability Reporting Content Index	
<b>Economic Performance</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	–		AR CEO Statement and Strategic Review	
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed			Sustainability Data Statements; AR Financial Statements	
	202-2 Financial implications and other risks and opportunities due to climate change	A4.1		Climate-related Disclosures	
	201-3 Defined benefit plan obligations and other retirement plans	B1		AR Financial Statements – Employee Retirement Benefits	
	201-4 Financial assistance received from government	–		AR Financial Statements	
<b>Market Presence</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B1		Our People; AR Our Leadership – Diversity	
<b>GRI 202: Market Presence 2016</b>	202-2 Proportion of senior management hired from the local community	–		–	Majority of senior management are hired from the local community.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Procurement Practices</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B5		Our Guests – P. 37 – 39; Our Communities – P. 62 – 63	
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	–		Our Guests – P. 37 – 39; Our Communities – P. 62 – 63	We monitor material issues such as sourcing of perishable goods, 59.4% were sourced locally and regionally during the reporting period.
	–	B5.1		Our Guests – P. 37 – 39; Our Communities – P. 62 – 63	HSH has operations in Asia-Pacific, US, Europe and therefore, we have a wide diversity of suppliers located in all geographical regions. We are still exploring effective ways to keep track of such data.
	–	B5.2, B5.3, B5.4		Our Guests – P. 37 – 39; Our Communities – P. 62 – 63	Currently, we have policies in place to encourage local sourcing and our Modern Slavery Statement also lists out the actions we have taken to manage social risks in our supply chain.
	–	B5.4		Our Guests – P. 37 – 39	We support animal welfare through our group-wide commitment to source 100% cage-free eggs by 2025. As at 2023, 52% of total egg spend is from cage-free eggs, with 27% adoption rate in Asia region and 82% in Non-Asia region.
<b>Anti-corruption</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B7		Our People – Ethical Conduct	Please refer to our Code of Conduct and Speak Up Policy for more details. No significant fines or non-monetary sanctions for non-compliance was recorded during the reporting period.
<b>GRI 205: Anti-corruption 2016</b>	205-3 Confirmed incidents of corruption and actions taken	B7.1			No identified legal cases regarding corrupt practices were recorded during the reporting period.
	–	B7.2		Our People – Ethical Conduct	Our Speak Up Policy provides employees and other stakeholders a confidential reporting channel on suspected misconduct or malpractice within the group without fear of reprisal or victimisation. Reported allegations are logged, reviewed, independently validated and investigated as appropriate.
	–	B7.3		Our People – Ethical Conduct	Reading materials on anti-bribery and corruption were provided to directors. All full-time and permanent part-time staff are required to complete an online Compliance Training Programme as part of their induction process. The programme covers training on the HSH Code of Conduct which includes anti-corruption conduct.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Anti-competition</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	–			<p>Please refer to our Code of Conduct for more details. Group Legal and the Head Office Competition Committee have oversight of all issues related to anti-competition.</p> <p>All full-time and permanent part-time staff are required to complete an online Compliance Training Programme as part of their induction process. The programme covers the topic of Fair Competition.</p>
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–			No identified cases regarding anti-competitive behavior and violations of anti-trust and monopoly legislation were recorded during the reporting period.
<b>Energy</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	A2		Our Guest – P. 24 – 29	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	A2.1	SV-HL-130a.1	Our Guest – P. 24 – 29; Sustainability Data Statement	58% of energy consumed was supplied from grid electricity. On-site solar farm at Quail Lodge & Golf Club generated 1,425,642 kWh renewable energy in 2023, which accounts for 1.1% of the group's total electricity use. The Peninsula London is sourcing 100% zero-carbon-emission electricity from local providers, while The Peninsula Istanbul is procuring Renewable Energy Certificates (RECs) to make contributions to remote renewable energy projects given the challenge to source zero-emission electricity from local providers.
	302-3 Energy intensity	A2.1		Our Guest – P. 24 – 29; Sustainability Data Statement	
	302-4 Reduction of energy consumption	A2.3		Our Guest – P. 24 – 29; Sustainability Data Statement	

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Water and effluents</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	A2, A3		Our Guest – P. 24 – 29	
<b>GRI 303: Water and Effluents 2018</b>	303-3 Water withdrawal	A2.2, A2.4	SV-HL-140a.1	Our Guest – P. 24 – 29; Sustainability Data Statement	<p>Group total water consumption is 1,857,605 m<sup>3</sup>. Direct water consumption in: high baseline water stress area is 522,004 m<sup>3</sup> (accounts for 28% of the total water withdrawal); extremely high baseline water stress area is 152,841 m<sup>3</sup> (accounts for 8% of the total water withdrawal.)</p> <p>Seawater is used for flushing in Hong Kong, the consumption amount is not considered to be material to HSH, and therefore, was not included in the scope.</p>
<b>Emissions</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	A1, A3		Our Guest – P. 24 – 29	We comply with relevant environmental regulations such as carbon disclosure in Beijing, Shanghai, Tokyo and Paris, water savings in California and energy management in New York.
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	A1.1 A1.2		Our Guest – P. 24 – 29; Sustainability Data Statement	Greenhouse gases included in the emissions calculation included CO <sub>2</sub> , CH <sub>4</sub> and N <sub>2</sub> O as a result of the consumption of fuel oil, diesel, petrol, natural gas, town gas and Tokyo Gas. Fugitive emissions in CFCs and HCFCs from the consumption of refrigerants were also included in the calculations. All greenhouse gases are reported in CO <sub>2</sub> equivalents.
	305-2 Energy indirect (Scope 2) GHG emissions	A1.1 A1.2		Our Guest – P. 24 – 29; Sustainability Data Statement	Refer to response above.
	305-4 GHG emissions intensity	A1.2		Our Guest – P. 24 – 29; Sustainability Data Statement	Refer to response above.
	305-5 Reduction of GHG emissions	A1.5		Our Guest – P. 24 – 29; Sustainability Data Statement	Refer to response above.
	305-6 Emissions of ozone-depleting substances (ODS)	A1.1		Sustainability Data Statement	Refer to response above.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Waste</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	A1, A3		Our Guest – P. 32 – 36	
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	A1.4		Our Guest – P. 32 – 36	
	306-2 Management of significant waste-related impacts	A1, A3		Our Guest – P. 32 – 36	Our waste is handled and disposed of by our waste contractors according to local regulations or through take back programmes from the suppliers.
	306-3 Waste generated	A1.3, A1.4		Sustainability Data Statement	Less than 1% of our waste generated is hazardous waste, and therefore is not a material issue to HSH.
	306-4 Waste diverted from disposal	A1.6		Sustainability Data Statement	Recyclables are sent to off-site recycling facilities or upcycled by our partnering organisations where possible. We currently do not track the amount of materials we re-use within our operations.
	306-5 Waste directed to disposal	A1.4, A1.6		Sustainability Data Statement	Waste sent to landfill and incinerator are 2,515 tonnes and 388 tonnes respectively.
<b>The Environment and Natural Resources</b>					
	–	A2.5		–	We are still exploring a practical way to monitor the use of packaging materials and ensure data accuracy. We aim to report on the quantity of packaging materials in the future.
	–	A3.1		Our Guest – P. 24 – 29	
	–	–	SV-HL-160a.1.		We do not have any lodging facilities operated, owned, leased, or franchised in sites with protected conservation status, or areas of endangered species habitat.
	–	–	SV-HL-160a.2.	Our Guest – P. 37 – 39	Most of our entities are located in cities. We preserve ecosystem services indirectly through sustainable procurement of our seafood, paper products, cleaning products, tea, coffee and chocolate etc. We continue to implement international green building standards (e.g. BREEAM) to reduce our environmental impact in new projects and major renovations.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Climate Change</b>					
	–	A4, A4.1	SV-HL-450a.1.	Climate-related Disclosures	
<b>Employment</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B1	SV-HL-310a.2.	Our People – P. 46 – 53	HSH complies with relevant employment and labour laws and regulations in cities that we operate. There were no fines incurred due to law violations.
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	B1.2		Sustainability Data Statements	In the spirit of conciseness and materiality, we only provide employee turnover by age group.
	401-3 Parental leave	–		–	Eligible employees receive parental leave based on local regulations; we do our best to encourage return to work for all employees where possible.
	–	–	SV-HL-310a.1.	Sustainability Data Statements	Voluntary turnover rate: 18.2% Total turnover rate: 21.9%
<b>Labour/Management Relations</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B1		Our People – P. 46 – 53	
<b>GRI 402: Labour/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	–			In the case of any significant operational changes that would substantially affect our employees, we keep them informed well in advance, typically with a minimum notice period of 1 to 12 weeks. This is also specified in collective bargaining agreements where they apply.
	–	–	SV-HL-310a.3.		All our employees are earning at least minimum wage or above. The Peninsula London is a Living Wage Accredited hotel and we continue to review Living Wage for some of our operations in the coming years.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Occupational Health &amp; Safety</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B2, B2.3		Our People – P. 54 – 55	HSH complies with relevant health and safety laws and regulations in cities that we operate.
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	B2		Our People – P. 54 – 55	
	403-2 Hazard identification, risk assessment, and incident investigation	B2.3		Our People – P. 54 – 55	
	403-4 Worker participation, consultation, and communication on occupational health and safety	B2.3		Our People – P. 54 – 55	
	403-5 Worker training on occupational health and safety	B2.3		Our People – P. 54 – 55	
	403-9 Work-related injuries	B2.1, B2.2		Our People – P. 54 – 55; Sustainability Data Statements	<p>Total number of hours worked is 14,870,909 hours. Based on GRI methodology, recordable injury rate is 9.82 per 200,000 hours worked. There were 16 cases of high-consequence work-related injury (i.e. injuries requiring hospitalisation) and we recorded no fatalities due to injury in 2023.</p> <p>We currently do not track total number of hours worked for non-full time or non-permanent contract employees, so we are not able to calculate their recordable injury rate based on GRI methodology. However, we do track injury cases for casual workers, trainees and contractors working within our premises. In 2023, there were 30 injury cases recorded which required doctor consultation or hospital stays.</p>

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Training and education</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B3		Our People – P. 46 – 53	
<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs			Our People – P. 46 – 53	Our learning and development programmes include opportunities for skills upgrading; where relevant, we provide transition assistance programmes e.g. operations closure.
	–	B3.1, B3.2		Sustainability Data Statements	We provide training as part of one's role and training needs, regardless of gender, other diversity factors and management/ non-management role.
<b>Diversity and equal opportunity</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B1		Our People – P. 46 – 53; AR Corporate Governance Report –Board diversity	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	B1.1		AR Corporate Governance Report – Board diversity; Sustainability Data Statements	<p>Board Membership Statistics:</p> <ul style="list-style-type: none"> <li>• by gender: 22% female and 78% male</li> <li>• by age group: 17% between 30 to 50; 83% over 50</li> </ul> <p>Employee Statistics:</p> <ul style="list-style-type: none"> <li>• by gender: refer to Sustainability Data Statement</li> <li>• by age group: 24% under 30; 53% between 30 to 50; 23% over 50</li> </ul>
<b>Non-discrimination</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B1		Our People – P. 46 – 53	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	B1		Our People – P. 46 – 53	There were two reports of workplace discrimination in 2023. Both cases were investigated accordingly and settled.
	–	–	SV-HL-310a.4.	Our People – P. 46 – 53	One report of sexual harassment case was reported in 2023. The case was promptly investigated and the employee in question was terminated immediately without compensation.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Freedom of Association and Collective Bargaining</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B1			HSH complies with relevant laws and regulations in relation to employees entering collective bargaining agreements.
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–		–	No known risks identified within our operations and in our suppliers.
<b>Child labour</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B4		Our Communities – P. 62 – 63	HSH complies with relevant laws and regulations in relation to preventing child and forced labour. Please refer to our Modern Slavery Statement.
<b>GRI 408: Child Labour 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour	B4.1, B4.2		Our Communities – P. 62 – 63	No known significant risks identified within our operations. We strive to mitigate all potential supply chain risks within our sphere of influence through HSH Supplier Code of Conduct.
<b>Forced or compulsory labour</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B4		Our Communities – P. 62 – 63	HSH complies with relevant laws and regulations in relation to preventing child and forced labour. Please refer to our Modern Slavery Statement.
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	B4.1, B4.2		Our Communities – P. 62 – 63	Our Code of Conduct and Modern Slavery Statement outlines our commitment to respecting human rights including our position against child labour and human trafficking, and the use of child labour and forced labour in our supply chain.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Local communities</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B8		Our Communities – P. 58 – 61	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	–		Our Communities – P. 58 – 61	All operations had local community engagement programmes during the reporting year in the form of volunteering or community contributions.
	–	B8.1		Our Communities – P. 58 – 61; Sustainability Data Statement	
	–	B8.2		Our Communities – P. 58 – 61; Sustainability Data Statement	
<b>Customer Health &amp; Safety</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B6		Our People – P. 54 – 55	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	–		–	Health and safety impacts are assessed for improvement for all significant products and services. No incidents of non-compliance concerning the health and safety impacts of products and services were recorded in the reporting year.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	–		–	Refer to response above.
	–	B6.1		–	Refer to response above.
	–	B6.4		–	Once potentially unsafe products are identified, product recall procedure would kick-start to stop the distribution and sale of the product from marketplace. The cause, extent and result of the recall would be recorded and reported.

Material Topics	GRI Standards	ESG Guide	SASB	Page/Section	Remarks/Reasons of Omission
<b>Marketing and Labeling</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B6		Our Guests – P. 40 – 41, Our Communities – P. 62 – 63	
<b>GRI 417: Marketing and Labeling 2016</b>	417-2 Incidents of non-compliance concerning product and service information and labeling	B6		–	No major incident of non-compliance in the reporting year.
<b>Customer Privacy</b>					
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	B6		–	We comply with the relevant data protection legislation that applies to our respective operations.
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	B6.5		–	Data privacy and security remained an important subject in 2023, and we have continued to strengthen our policies and processes in relation thereto. This included ongoing training, as well as a revision and update of several of our privacy-related documents and guidance. In addition, we continued to implement additional IT security measures and training to ensure the safety and security of all our IT systems. For our data privacy and security policy, please visit <a href="http://www.peninsula.com/en/privacy-security">http://www.peninsula.com/en/privacy-security</a>  No substantiated complaints regarding breaches of customer privacy were recorded during the reporting period.
<b>Product and Service Feedback</b>					
	–	B6.2		–	Once received, products and service feedback or complaints are acknowledged in writing in a timely manner and reported to related departments with the appropriate levels of management informed depending on the severity of events. Concerns are reviewed and fully understood before it is addressed with an official response or compensation offered.
<b>Intellectual Property Rights</b>					
	–	B6.3		–	Our Code of Conduct outlines our commitment to intellectual property rights protection.



THE PENINSULA

THE REINDEER'S  
TRAVELS





THE HONGKONG AND SHANGHAI HOTELS, LIMITED  
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